



DAILY REPORT

CONTENTS

China

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PRC INTERNATIONAL AFFAIRS

GENERAL

RENMIN RIBAO Views U.S.-Soviet Nuclear Talks [24 Jan]	A 1
RENMIN RIBAO on U.S.-European Space Projects [16 Jan]	A 3
Ministry Spokesman Announces 1986 Trade Figures Festival Reception Given for Foreign Guests	A 4
	A 4

NORTHEAST ASIA

Tian Jiyun Concludes Activities in Japan Speaks in Osaka	D 1
XINHUA Reviews Visit	D 1
Delegation Returns	D 2

SOUTHEAST ASIA & PACIFIC

Wu Xueqian Fetes Sihanouk at 26 Jan Banquet	E 1
Commentator Praises Cambodian People's Struggle	E 2
Yang Shangkun Hosts Luncheon for Hoang Van Hoan	E 3

WESTERN EUROPE

French Trade Mission Studies Local Markets	G 1
Bilateral Commission Promotes Ties With Cyprus	G 2
Zhejiang To Send Workers, Goods to FRG	G 2
Dalian Shipyard Delivers Oil Tanker to Norway	G 2

PRC NATIONAL AFFAIRS

CHENG MING on 'Truth' of Hu's Resignation [1 Feb]	K 1
Magazine Says 'Communist Manifesto' Outdated [MING PAO 28 Jan]	K 9
Peng Zhen Holds Discussion With Writers	K 10
JIEFANGJUN BAO on Enforcing Party Discipline [15 Jan]	K 11
Newspaper on Relationship of Freedom, Discipline [JIEFANGJUN BAO 6 Jan]	K 12
Columnist on Role of Intellectuals in Reform [CHINA DAILY 22 Jan]	K 14
Anti-Liberal Struggle Not Aimed at Writers [GUANGMING RIBAO 26 Jan]	K 15
Chen Muhua Discusses Reform of Banking System	K 16

Wang Bingqian on Curtailing Capital Construction	K 17
RENMIN RIBAO on Steady Economic Development	K 18
[OVERSEAS EDITION 24 Jan]	
GUANGMING RIBAO on Shareholding System Problems	K 19
[17 Jan]	
Enterprises Called On To Heighten Responsibility	K 21
Army Recruitment of More College Graduates Noted	K 21

PRC REGIONAL AFFAIRS

EAST REGION

Chen Guangyi Addresses Fujian Cadres Meeting	O 1
[FUJIAN RIBAO 8 Jan]	
Shanghai Leaders Assure No Change in Policy	O 3

CENTRAL-SOUTH REGION

Guangdong Leaders at Spring Festival Gathering	P 1
Hubei CPC Secretary on Bourgeois Liberalization	P 1
Hubei Leaders Visit Armed Police Force	P 2
Human Leaders Attend Army-Government Forum	P 2

NORTH REGION

Hebei Secretary Attends Year-End Report Meeting	R 1
[HEBEI RIBAO 30 Dec]	
Briefs: Beijing's 1986 Revenues; Nei Mongol	R 1
Electronics Output	

NORTHEAST REGION

Liaoning Plan of Spiritual Civilization	S 1
[LIAONING RIBAO 26 Dec]	
Liaoning's Quan Shuren Attends Spring Festival	S 14
Liaoning Secretary Pays Visit to Power Plant	S 14
Liaoning's Yingkou City Appoints New Personnel	S 14
[LIAONING RIBAO 15 Jan]	

PRC MEDIA ON TAIWAN AFFAIRS

Group Calls for Improved Contacts With Taiwan	U 1
Xi Zhongxun Addresses Taiwan Compatriots' Banquet	U 1
Taiwan Spy Sentenced to 15 Years Imprisonment	U 2

TAIWAN

Foreign Ministry Claims Sovereignty Over Mongolia	V 1
Premier Yu Affirms Lifting of Martial Law	V 1
[CHINA POST 24 Jan]	
DPP Suspends Members for Not Boycotting Election	V 2
[AFP]	
Opposition To Launch Newspaper Despite Ban	V 3
[HONGKONG STANDARD 27 Jan]	
President Sends New Year Gifts to Mainland	V 4

I. 29 Jan 87

3

CHINA

HONG KONG & MACAO

CITIC Purchases Interest in Cathay Pacific

W 1

[SOUTH CHINA MORNING POST 28 Jan]

Hong Kong Deputies May Join NPC Through Election

W 3

[SOUTH CHINA MORNING POST 26 Jan]

RENMIN RIBAO VIEWS U.S.-SOVIET NUCLEAR TALKS

HK261451 Beijing RENMIN RIBAO in Chinese 24 Jan 87 p 6

[Article by Fang Min (2455 2404): "The United States and Soviet Union Resume Talks on Nuclear Tests"]

[Text] Synopsis: The United States and Soviet Union began talks on nuclear tests in the second half of last year and agreed in principle to discuss a gradual reduction in nuclear tests with the ultimate goal of banning nuclear tests. Over the past 2 years, the United States and Soviet Union have been engaged in a heated debate on issues concerning nuclear tests, thus showing that nuclear tests are components of their nuclear arms race. The Partial Nuclear Test Ban Treaty of the 1960's-1970's failed to restrain the U.S.-Soviet nuclear arms race. At present, due to their different views on nuclear tests, the possibility of the two sides truly reaching a nuclear test ban agreement is remote and their talks will only be another type of competition.
[synopsis ends]

The United States and Soviet Union began their fourth round of talks on nuclear tests on 22 January. In addition to U.S.-Soviet talks on nuclear and space weapons, this is another round of U.S. -Soviet disarmament talks in Geneva.

During the summer-autumn period last year, U.S. -Soviet relations were relaxed a little and the two sides' positions on arms control became a bit more flexible. Under the background at that time, neither country wanted to overly rigidify the atmosphere, thus agreeing on holding nuclear test talks at the level of experts. Three rounds of such talks were held without making any major progress. The Soviet Union stressed that the United States and Soviet Union should reach an agreement on a total cessation of nuclear tests, while the United States stressed that regarding nuclear test, priority should be given on-the-spot verifications. Due to their different starting points, the U.S. -Soviet talks were mostly confined to expounding each side's position. However, some changes were made in their positions during the U.S. -Soviet summit in October last year in Iceland: The two sides agreed in principle to discuss a gradual reduction in nuclear tests with the ultimate goal of banning nuclear tests and to discuss issues concerning supervision, reduction in the equivalents [dang liang 3981 6852] of nuclear tests, and reducing the number of nuclear tests.

Over the last 2 years, the Soviet Union and United States have all along been at strife over nuclear test issues. In particular, at the end of July 1985, the Soviet Union unilaterally announced its temporary cessation of nuclear tests, called on the United States to follow suit, and exerted powerful pressure upon the United States, thus aggravating the heated bilateral debate. The Soviet Union stated that a cessation of nuclear tests was an "important factor that is indispensable" to a cessation of the arms race and was also "the most realistic way." At the same time, the Soviet side charged that the U.S. refusal to cease nuclear tests resulted from "pursuance of a policy on nuclear confrontation" and from its attempt to disrupt strategic balance and to seize military superiority. In the face of this offensive, the United States made strong countermoves. It not only continued conducting nuclear tests, but also bluntly rebutted the Soviet argument, saying that the Soviet proposal for a cessation of nuclear tests was aimed at employing "propaganda tricks" in the face of world opinion, attempting to "freeze the Soviet nuclear superiority," and preventing the United States from improving its deterrent force. [paragraph continues]

It stated that a complete prohibition of nuclear tests was America's long-term goal, that a cessation of nuclear tests at present "does not accord with the security interests of the United States," and that prior to complete destruction of nuclear weapons, nuclear tests are indispensable to ensuring the reliability of the Western nuclear deterrent forces.

These two sharply contrasting positions of the United States and Soviet Union show that nuclear tests are in essence components of their long-term nuclear arms race. Following their first nuclear explosions in the mid and late 1940's, the United States and Soviet union have over the past several decades conducted large numbers of nuclear tests for developing all kinds of nuclear weapons. According to a recent report issued by the Swedish Defense Research Institute, up to now, the United States has conducted 812 nuclear tests while the Soviet Union has conducted 563 nuclear tests. At the same time, talks on banning nuclear tests, with the United States and Soviet Union as major opponents, have been continuing off and on for over 30 years; the Partial Nuclear Test Ban Treaty (which bans atmospheric, outer space, and underwater nuclear tests) was signed in 1963; and the treaty on limiting underground nuclear tests was signed in 1974. This 1974 treaty, which remains to be ratified, stipulates that the equivalent of an underground nuclear test must not exceed 150,000 tons. However, every treaty they signed imposed restrictions only on testing spheres in which they already had achieved their goals and in which tests were no longer required, thus presenting no obstacle to their development of new weapons for the nuclear arms race. For example, prior to the signing of the Partial Nuclear Test Ban Treaty in 1963, the United States and Soviet Union had conducted 216 and 162 atmospheric nuclear tests respectively and had begun to switch to underground nuclear tests. Therefore, this treaty failed to restrain them. Moreover, over the past 20 years and more since the signing of this treaty, the United States and Soviet Union have conducted 495 and 400 underground nuclear tests respectively, thus far exceeding the numbers of their atmospheric nuclear tests. From this, we can see that regarding the nuclear test ban, the United States and Soviet Union are just playing tricks to deceive world opinion.

At present, the armament conditions of the United States differ from those of the Soviet Union. As far as nuclear arms are concerned, the Soviet Union and United States, are on the whole, evenly matched. The U.S. side stated: The Soviet Union is in a favorable position in certain areas; because it conducted 190 underground nuclear tests from 1976 to 1985 and because it has, on the whole, conducted all the necessary tests for a new generation of nuclear weapons, it can announce time and again a temporary cessation of nuclear tests without impairing its superiority. By so doing, the Soviet Union not only can prevent the United States from continuing its current modernization plan for nuclear forces, but can also "throw serious obstacles in the U.S.' way to realize its Star Wars program" (words from TASS). In addition, by so doing, the Soviet Union can win over world opinion and propagate the Soviet aspiration for peace. The Soviet Union obviously can gain something from the propaganda in this regard. However, the United States has shown a tough position and refused to cease its nuclear tests, thus landing itself in a somewhat passive position. To complete its development of a new generation of nuclear weapons and to continue research work for its Star Wars program, the United States has no alternative but to hold out tenaciously.

According to some Western experts in arms control, in view of their respective interests, it is most unlikely that the United States and Soviet Union will reach an agreement on the complete prohibition of nuclear tests.

In January this year, prior to the fourth round of talks on nuclear tests, the United States reiterated that it would continue conducting new nuclear tests, while the Soviet Union announced that it would resume nuclear tests if the United States continued nuclear tests in 1987. This indicates that regarding the nuclear test issue in 1987, the United States and Soviet Union will possibly continue holding talks while conducting nuclear tests. Although it is possible they may reach some compromises, the possibility of the two sides truly reaching a nuclear test ban agreement is very remote. Holding talks will only be another type of competition.

RENMIN RIBAO ON U.S.-EUROPEAN SPACE PROJECTS

HK210245 Beijing RENMIN RIBAO in Chinese 16 Jan 87 p 6

["Jottings" by Shan Ren (1472 0086): "It Is Necessary To Think Hard on the Matter"]

[Text] As reported by FRANKFURTER ALLGEMEINE, negotiations between the United States and Western Europe on the joint project of building a U.S. space station to be launched in 1993 "have come to a very difficult position," because Western Europe has drawn back at the thought of "that mistake it made" in 1973. It was "at the Americans' request" and in response to the U.S. President's proposal that Western Europe spent \$2 billion in 1973 to build on a trial basis a manned reusable space laboratory which was finally "submitted to the Americans' control": So Western Europe wasted money on nothing but arousing complaints from the public. Drawing a lesson from this case, Western Europe has taken great care this time in negotiating with the United States about who is to operate and manage the space station. This is still another example of the complicated relations of interests and contradiction between Western Europe and the United States.

The space station is a project under the U.S. "Star Wars" program. This program, which has triggered off disputes in Western Europe, has been welcomed by many countries but has also aroused misgivings among them. The reason is because the United States is influencing Western Europe to invest its intellectual and financial resources in this program, promising to let it share some technological know-how. The crux of the issue is whether the "Star War" program will make Western Europe safer or more unsafe and how many advantages it can share from the program. Based on its experience with the United States, Western Europe realizes that the United States, as an ally, always makes a lot of promises when launching a cooperative project; but it is possible that this ally will change its mind, to the surprise of Western Europe, out of consideration of its own interests. As far as the "Star Wars" program is concerned, once the United States fails to keep its promise, Western Europe will not have its security safeguarded or get the technological benefits from its investment. It would get at most some minor benefits at the cost of the control of the project. Western Europe would then be at the end of its rope. Therefore it cannot but take great pains to figure out what action should be taken in response to the U.S. proposal.

MINISTRY SPOKESMAN ANNOUNCES 1986 TRADE FIGURES

OW161246 Beijing XINHUA in English 1145 GMT 16 Jan 87

[Text] Beijing, January 16 (XINHUA) -- The two-way trade volume between China and Japan came to more than 13.61 billion U.S. dollars in 1986, a spokesman for the Ministry of Foreign Economic Relations and Trade said here today.

Of the figure, China's exports to Japan reported 4.359 billion U.S. dollars, and imports, 9.254 billion U.S. dollars, down by 22.3 percent and 14.5 percent respectively over the 1985 figures. Zhou Keren said, although the trade volume reduced, Japan is still China's biggest trade partner at present.

The spokesman said the trade volume between the mainland and Hong Kong reported more than 11.92 billion U.S. dollars in 1986, up by 6.4 percent, of which imports came to 4.164 billion U.S. dollars, down by 20.4 percent, and exports came to 7.756 billion U.S. dollars, up by 29.9 percent over the 1985 figures.

During the year, Sino-U.S. trade volume was registered 5.812 billion U.S. dollars, down by 17 percent, of which exports came to more than 2.474 billion U.S. dollars and imports, 3.337 billion U.S. dollars, down by 16.7 percent and 23.7 percent respectively over the previous year.

1986 saw a quick increase of the trade between China and EEC. China's exports to it reported 2.629 billion U.S. dollars and imports, 5.716 billion U.S. dollars, up by 19.9 percent and 2.8 percent respectively, of which China's exports to the Federal Republic of Germany came to 840 million U.S. dollars and imports, 2.8 billion U.S. dollars, up by 24.1 percent and 17 percent respectively.

Big increases were registered for China's trade with the Soviet Union and East European countries last year, of which China's exports to the Soviet Union topped 1.199 billion U.S. dollars and imports, 1.418 billion U.S. dollars, up by 23.9 percent and 55.4 percent respectively; the export volume to Bulgaria was up by 88.6 percent to 32.66 million U.S. dollars, and imports, up by 152 percent to 63.2 million U.S. dollars.

FESTIVAL RECEPTION GIVEN FOR FOREIGN GUESTS

OW261346 Beijing XINHUA in English 1221 GMT 26 Jan 87

[Text] Beijing, January 26 (XINHUA) -- A reception was given here today by the Chinese People's Association for Friendship With Foreign Countries to mark the Chinese traditional Spring Festival which falls on January 29.

Among the about 200 Chinese and foreign guests were Chu Tunan, vice-chairman of the National People's Congress Standing Committee, Zhou Peiyuan, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference.

I. 29 Jan 87

PRC INTERNATIONAL AFFAIRS
NORTHEAST ASIA

D 1

TIAN JIYUN CONCLUDES ACTIVITIES IN JAPAN

Speaks in Osaka

OW262016 Beijing XINHUA in English 1841 GMT 26 Jan 87

[Text] Osaka, Japan, January 26 (XINHUA) -- Chinese Vice Premier Tian Jiyun today called on business leaders of the Kansai area in western Japan to further develop economic cooperation with China.

Speaking at a welcoming luncheon, Tian said he hoped local government officials and business leaders would push bilateral cooperation, especially in capital, technology and production transfer.

Economic relations between the two nations are at a threshold of a new period of expansion and development, he noted.

He said during his current Japan visit, which started January 18, he became even more certain that there are many favorable conditions for a great potential in future economic cooperation.

He reassured the participants that China would never depart from its already-fixed policy of opening up to the outside world, despite the recent personnel change in the Communist Party leadership.

The vice premier also stressed that China's policy for long-term cooperation with Japan would not change.

In his welcoming speech, Governor of Osaka Prefecture Sakae Kishi said people of various circles in Osaka will continue to promote bilateral exchange with China.

He also expressed his personal determination to expand economic ties with China.

Later in the day, business leaders of the Kansai invited Tian to a typical Japanese dinner, at which they promised to contribute to China's modernization drive by increasing investment, trade and technological transfer.

Speaking on behalf of Vice Premier Tian, Jia Shi, chairman of the China Council for the Promotion of International Trade, also promised that Beijing will take further practical and feasible measures to improve the country's environment for foreign investment to attract overseas investors.

Tian arrived here Sunday after a two-day visit to Oita Prefecture in Kyushu, south of Japan.

XINHUA Reviews Visit

OW280105 Beijing XINHUA Domestic Service in Chinese 1247 CNT 27 Jan 87

[By reporter Zeng Hu]

[Text] Osaka, 27 Jan (XINHUA) -- Vice Premier Tian Jiyun concluded his 10-day visit to Japan and left Osaka for home by air this afternoon.

This morning, Tian Jiyun and his party went to Kobe, another major Japanese port city not far from Osaka, and visited its man-made island. People of various communities in Kobe held a luncheon party for them.

Tian Jiyun delivered a speech at the luncheon, saying that his visit to Japan had been successful.

During his visit, Vice Premier Tian met with Japanese Minister Nakasone, Foreign Minister Kuranari, and other leaders of the Japanese Government and the Liberal-Democratic Party. Tian Jiyun said that, at their talks, the Chinese and Japanese sides had a full exchange of views on furthering friendly cooperation in all fields, and enhanced their mutual understanding and friendship.

He said: During the visit to Japan, our delegation has had extensive contacts with major economic organizations, enterprise groups, and public figures in Japanese economic and trade circles. We earnestly listened to their opinions and suggestions on the development of Sino-Japanese economic and trade relations, as well as cooperation with funds and technology.

Tian Jiyun and his party arrived in Japan on 18 January. After a 6-day visit to Tokyo, the delegation visited Oita Prefecture in Kyushu, as well as Osaka and Kobe.

Delegation Returns

OW271752 Beijing XINHUA in English 1555 GMT 27 Jan 87

[Text] Beijing, January 27 (XINHUA) -- Chinese Vice-Premier Tian Jiyun and his party returned here by air this evening at the end of a friendly visit to Japan.

They were greeted at the airport by Secretary-General of the State Council Chen Junsheng and Japanese Ambassador to China Yosuke Nakae.

WU XUEQIAN FETES SIHANOUK AT 26 JAN BANQUET

OW261520 Beijing XINHUA in English 1510 GMT 26 Jan 87

[Text] Beijing, January 26 (XINHUA) -- Chinese State Councillor and Foreign Minister Wu Xueqian gave a banquet for Samdech Norodom Sihanouk, president of Democratic Kampuchea, and his wife at the state guesthouse here this evening.

Addressing the occasion, Wu Xueqian said that the get-together is for greeting the Chinese traditional Spring Festival which falls on Thursday with the Kampuchean friends and for congratulating President and Madame Sihanouk on their recent successful visit to Romania and Yugoslavia.

Over the past year, Wu noted, the situation in Kampuchea has been very good. The tripartite patriotic forces have won new victories both domestically and diplomatically.

This should go to the heroic struggle by the Kampuchean patriotic forces and people to Samdech Sihanouk who has done a great deal of fruitful work, he added.

Wu expressed the belief that the Kampuchean patriotic forces and people will achieve greater victories under the leadership of Samdech Sihanouk in 1987.

Wu reaffirmed that the Chinese Government will, as always, resolutely stand by the side of the Kampuchean people and support the Coalition Government of Democratic Kampuchea headed by Samdech Sihanouk.

In reply, Sihanouk said the Kampuchean and Chinese people all have made successes over the past year.

While abiding by the four cardinal principles, China adheres to reforming and opening to the rest of the world, building itself stronger and more prosperous, he said.

The patriotic Kampuchean forces and people are growing in strength in their struggle against Vietnamese aggressors, and all patriotic forces are united closely to fight against the Vietnamese aggressors, adding that Vietnam has suffered a lot in its aggression of Kampuchean and in diplomatic affairs and domestic economy.

Sihanouk said that both Kampuchean and Chinese people all have a bright future.

Present on the occasion were Kampuchean Ambassador to China Chan Youran and his wife.

Prior to the banquet Wu had a cordial and friendly conversation with Samdech and Madame Sihanouk.

Chinese artists gave a performance for the Kampuchean couple.

COMMENTATOR PRAISES CAMBODIAN PEOPLE'S STRUGGLE

BK170836 Beijing in Cambodian to Cambodia 1030 GMT 16 Jan 87

[*"Article"* by station commentator Ya Ming: "A Year in Which the Cambodian Nationalist Forces and People Have Successfully Advanced in the War Against the Vietnamese Aggressors"]

[Text] 1986 is the eighth year of Democratic Kampuchea's [DK] persistent war against the Vietnamese aggressors. In the past year, the situation has continued to develop in Democratic Kampuchea's favor. As for the Vietnamese authorities, they have been bogged down in a war of aggression which is increasingly unfavorable to them. Militarily, in 1986 Democratic Kampuchea's resistant armed forces further developed and took initiatives in attacking the Vietnamese aggressors. Examining the battlefields, one sees that Cambodian resistance forces have attacked the Vietnamese aggressors on the following three major battlefields.

The five provinces around Tonle Sap make up the most important battlefield in the interior. This region is densely populated and economically rich. It is also a region in which people are revolting against the enemy's occupation. The resistance forces have launched attacks in the vast rural area of these five provinces. They have also attacked the administrative seats of these five provinces -- Battambang, Siem Reap, Pursat, Kompong Thom, and Kompong Chnang. This has seriously threatened the enemy.

Another battlefield is located in the border area in western Cambodia. Democratic Kampuchean forces have constantly carried out guerrilla activities in this area and thwarted the enemy's maneuvers which attempted to seal off the border and cut off Democratic Kampuchea's transport lines.

The third battlefield is Phnom Penh and the townships surrounding it. The resistance's guerrillas have many times penetrated positions of the Heng Samrin puppet administration which are heavily defended by Vietnamese soldiers. This has posed a serious psychological threat for the enemy.

Considering the aspect of the battle, the Democratic Kampuchean forces still implement a mobile and active guerrilla strategy. They do not face the enemy in many battles. They pay most attention to attacking and dismantling village and commune administrative authorities of the puppet regime. According to preliminary statistics, in the 1986 rainy season alone, the Democratic Kampuchean National Army attacked and dismantled village and commune authorities in 363 localities. Due to the guerrillas' activities in the vast area, Vietnamese forces are in an uneasy situation. They have been forced to move troops from the border area to defend the interior. Therefore, the Vietnamese forces' K-5 plan to seal off the Cambodian-Thai border and smash anti-Vietnamese forces in the interior was defeated because Vietnam did not have enough forces to be in both areas. In addition, the Vietnamese forces cannot contain Democratic Kampuchea's major forces, therefore they could not launch a large scale offensive in 1986.

In 1986, the Coalition Government of Democratic Kampuchea [CGDK] also made outstanding progress in the political field. First of all, the CGDK has increased unity among the tripartite nationalist resistance forces. In March 1986, on behalf of the CGDK, the three parties put forward an 8-point proposal. This showed that the three parties were unanimous on important issues, such as the analysis of the Cambodian situation in view of finding a political solution to the problem and unity in building the country. The CGDK also set up a committee for coordinating military cooperation.

The tripartite forces exchanged information and news in the struggle and cooperated many times in fighting in Battambang, Oddar Meanchey, and Siem Reap Provinces. They have scored satisfactory results. They have also carried out activities among the masses and have received the trust and support of the people in the area. Therefore, the anti-Vietnamese resistance forces are not only firmly established in the interior but have also set up fairly stable guerrilla bases and zones. Apart from this, they have adhered to the slogan "Cambodians do not fight Cambodians" and appealed to patriotic Army officers and their men in the Heng Samrin Army to join the ranks of the resistance in the struggle against the Vietnamese aggressors. In the past year, many Cambodian soldiers, in the hundreds, frequently deserted and revolted against Vietnamese soldiers. This was hardly the case in the past.

Currently, this situation has emerged in Cambodia. The CGDK Armed Forces, a number of patriotic people, and Army officers and their men have united in the struggle against the Vietnamese aggressors. The CGDK's just struggle not only has received support from patriotic people inside the country but also wide sympathy from the international community.

In March 1986 in particular, the CGDK put forward an 8-point proposal to resolve the Cambodian issue politically. This was generally praised by peace-loving countries and people the world over. More than 60 countries officially stated they support this proposal. However, this reasonable DK proposal was rejected by Vietnam for no reason. This has further shown people more clearly Vietnam's true aggressive nature.

At the UN General Assembly in 1986, the votes calling for the withdrawal of Vietnamese troops from Cambodia increased from 114 in 1985 to 116. Although Vietnam refused to take part in the debate on the Cambodian issue at the UN General Assembly, it cannot escape from being greatly isolated.

Through its efforts in the past year, the CGDK has further turned the situation in its favor both at home and abroad. However, the Vietnamese forces still have the advantage both in the number of soldiers and weapons, and still continue to stick to their aggressive stand. They have refused to withdraw their forces from Cambodia. The resistant Cambodian people still face a hard and protracted struggle. In the new year, the tripartite Cambodian nationalist resistance forces will continue to struggle to win the final victory.

YANG SHANKUN HOSTS LUNCHEON FOR HOANG VAN HOAN

OW280831 Beijing XINHUA in English 0811 GMT 28 Jan 87

[Text] Beijing, January 28 (XINHUA) -- Yang Shangkun, member of the Political Bureau of the Chinese Communist Party Central Committee and vice-chairman of the Central Military Commission, hosted a luncheon here today for Hoang Van Hoan, a veteran Vietnamese revolutionary.

The host and guest were very happy to have a get-together to greet the Spring Festival, traditional lunar new year of the Chinese and Vietnamese peoples.

Fang Yi, member of the Political Bureau of the CPC Central Committee and state councillor, was also present.

FRENCH TRADE MISSION STUDIES LOCAL MARKETS

OW171328 Beijing XINHUA in English 1318 GMT 17 Jan 87

[Text] Beijing, January 17 (XINHUA) -- Sino-French bilateral trade volume exceeded 910 million U.S. dollars in 1986, a rise of 9.7 percent over 1985, according to the Ministry of Foreign Economic Relations and Trade today.

To further expand the two-way trade, a delegation of over 50 entrepreneurs led by Jean Roussillon, president of the French National Consultancy Committee on Foreign Trade, is now on a study tour of China, examining Chinese markets and the investment environment.

In cooperation with China's Council for the Promotion of International Trade, the delegation has also been holding seminars on the Chinese market to explore ways and means of furthering Sino-French economic cooperation.

In recent years, the two sides have signed agreements on long-term economic cooperation, and established a committee on economy and trade at the ministerial level. They have about a dozen industrial and trade companies and banks with resident offices in each other's country. Frequent exchanges of visits have been made by economists and traders.

Chinese Vice-Premier Li Peng said at a recent seminar on the Chinese market: "We hope to raise the proportion of trade from Western European countries, including France, in China's foreign trade and warmly welcome French enterprises to develop trade and economic cooperation with Chinese enterprises."

An official from the Foreign Trade Ministry said that the government loans France has provided China since 1985 have promoted the development of bilateral cooperation.

Since 1985, China has signed a number of contracts with French companies on major projects such as program-controlled telephone exchange facilities, airbus aircraft, a micro-electronics research center, the nuclear power station at Daya Bay and the Dagang Power Plant.

French interests have invested in 24 projects in China, most of which are for offshore oil exploration.

But, the official said, the big deficit in China's trade with France as well as with the EEC in recent years, is harmful to the steady development of two-way trade.

He expressed the hope that France would buy more from China and be more open in technology transfer.

At these seminars, French businessmen from big industrial bodies like CGE Alsthom International and Total Petroleum Corp., as well as those from medium-sized enterprises all over France, showed interest in strengthening trade and economic cooperation with China.

"To develop Sino-French exchanges, not only big industrial bodies, but also medium-sized enterprises, should be encouraged to open up markets in China," said Roussillon.

BILATERAL COMMISSION PROMOTES TIES WITH CYPRUS

OW170639 Beijing XINHUA in English 0039 GMT 17 Jan 87

[Text] Nicosia, January 16 (XINHUA) -- China and Cyprus agreed here today to further expand their cooperation in the fields of economy, science, and technology.

This is the result of the first session of the joint Chinese-Cypriot governmental commission on economic, scientific and technical cooperation, which was held in Nicosia from January 14 to 16.

A minute signed here this afternoon by heads of the delegations of both sides indicated that both sides agreed to promote bilateral economic cooperation by facilitating and assisting activities of competent organisations (firms) of both countries and to encourage collaboration of their respective companies in undertaking projects and providing services in third countries.

Both sides also agreed to expand and diversify trade between the two countries, exchange visits of trade missions and businessmen, and hold fairs and exhibitions.

On scientific and technical cooperation, the two sides agreed to encourage visits of scientific and technical personnel and exchange technical information, seeds, seedlings and specimens.

ZHEJIANG TO SEND WORKERS, GOODS TO FRG

OW250508 Beijing XINHUA in English 0237 GMT 25 Jan 87

[Text] Hangzhou, January 25 (XINHUA) -- Zhejiang Province is to send personnel to work in a Chinatown in Phantasialand -- an entertainment area in the Federal Republic of Germany.

A series of contracts on the project were signed between the Zhejiang Corporation for International Economic and Technical Cooperation and the Schmidt-Loeffelhardt Phantasialand last November. According to the documents, the province will send chefs, acrobatic and martial arts troupes. Besides, they also signed a contract to sell Chinese handicrafts in the town and a letter of intent that China will provide the town with glazed tiles for Chinese-style buildings and maintenance service.

Zhao Wenyin, deputy general manager of the corporation, told XINHUA that last year his corporation signed contracts on engineering projects and labor services with nearly 30 countries and regions, which were worth nine times more than in 1985.

DALIAN SHIPYARD DELIVERS OIL TANKER TO NORWAY

OW250259 Beijing XINHUA in English 0828 GMT 25 Jan 87

[Text] Shenyang, January 24 (XINHUA) -- The Dalian Shipyard in northeast China's Liaoning Province reported to have delivered a 115,000-dwt oil tanker to a Norwegian company. The shipyard said that the oil tanker was built by the shipyard with assistance of more than 400 workers from Shanghai, Wuhai and Jinzhou organized by the China State Shipbuilding Corporation.

CHENG MING ON 'TRUTH' OF HU'S RESIGNATION

HK270847 Hong Kong CHENG MING in Chinese No 112, 1 Feb 87 pp 6-10

[**"Notes on a Northern Journey"** by Lo Ping (5012 0393): "The Truth of the Hu Yaobang Incident" -- capitalized passages published in boldface -- first two paragraphs are CHENG MING introduction]

[Text] Basically, student movements did not cause Hu Yaobang to "step down." Prior to the student movements, at a meeting held to redistribute CPC power, it had already been decided that Hu Yaobang should leave the office of general secretary and be replaced by Zhao Ziyang at the party's 13th National Congress. The replacement took place earlier than scheduled because Hu Yaobang committed terrible blunders on the question of Deng Xiaoping's retirement. In addition, there were also contradictions between the two men on the problem of the degree of permissiveness.

Over the past year, the conservatives have harshly criticized Hu Yaobang. Their criticisms, which are in fact attacks, reached Deng Xiaoping mostly in the form of letters and reports.... The movement started by the conservatives to overthrow Hu Yaobang had great momentum. In addition to Chen Yun and Peng Zhen, Wang Zhen, Deng Yingchao, Bo Yibo, Hu Qiaomu, and Yu Qiuli contributed much to it. Yang Shangkun, Xi Zhongxun, Li Xiannian, Yang Dezhi, Nie Rongzhen, and some others were also involved.

The Decision To Replace Hu by Zhao Was Made Prior to the Rise of Student Movements
[subhead]

In China, the month between mid-December 1986 and mid-January 1987 saw some earthshaking developments. Several major incidents took place during that months:

Students from more than 100 institutions of higher learning in Shanghai, Beijing, and another dozen cities started a democratic movement. They staged demonstrations in the streets. People have indeed never seen such mammoth demonstrations before.

The CPC issued Document No 1, thus starting a "movement against bourgeois liberalization;"

The CPC sacked President Guan Weiyan and Vice President Fang Lizhi of the University of Science and Technology;

The CPC announced its expulsion of Wang Ruowang and Fang Lizhi from the party;

In early January, Hu Yaobang suddenly stopped appearing at public functions. On 16 January, a communique issued by the Political Bureau of the CPC Central Committee said that Hu Yaobang was allowed to "resign" as general secretary of the party.

Why should Hu Yaobang have "resigned?" Beijing citizens generally felt shocked and surprised on hearing the news. Some people conjectured that Hu Yaobang was held responsible for the student movements and hence, forced to resign as general secretary of the party. Is this the true story?

According to very accurate sources close to high-level authorities, Hu Yaobang has "stepped down" for reasons other than the student movements.

In late November 1986, with the support of the members of the Political Bureau Standing Committee, the Secretariat of the CPC Central Committee held a meeting to redistribute power. At the meeting, it was tentatively decided that Hu Yaobang was to leave the office of general secretary and be replaced by Zhao Ziyang at the party's 13th National Congress. Now, Hu Yaobang has been relieved long before the 13th National Congress Assembles. Actually, this is nothing but an earlier execution of the decision made at that meeting.

Hu Yaobang No Longer Enjoys Deng Xiaoping's Trust [subhead]

Why was Hu Yaobang prematurely relieved?

Hu Yaobang committed some terrible blunders at the above meeting.

On the eve of this meeting, during his inspection tour of Shanghai, Hu Yaobang was complacent and yet excited. He heard from various sources (including SHENZHEN QINGNIAN BAO) that many people would like Deng Xiaoping to retire. If Deng indeed retired, he could succeed him as chairman of both the Central Military Commission and the Central Advisory Commission. At the meeting, some secretaries of the Secretariat reported that various people had suggested that Deng Xiaoping should retire. Hu Yaobang sided with them in a subtle and tactful way. However, Deng Xiaoping was very angry. Although he has mentioned his intention to retire, Wang Zhen and others at the meeting said that they would not let Deng retire. These people had different motives in mind:

Deng Xiaoping does not want to retire although he says he does.

Hu Yaobang would like Deng to retire, because he wants to succeed him as soon as possible.

Wang Zhen and others object to Deng's retirement because they want to maintain their power and positions as senior statesmen and prevent Hu Yaobang from succeeding Deng.

Hu Yaobang and his men knew that if those people in their eighties continue to occupy their positions without doing anything after Deng's retirement, it could be disadvantageous for Hu Yaobang. It was decided at the meeting that the problem of Deng's retirement would not be discussed again. Seeing that his game was as good as lost, Hu Yaobang could only reluctantly agree to the arrangement and let the Central Propaganda Department issue a document banning all radios, newspaper, and journals from mentioning the problem of Deng Xiaoping's retirement.

Maybe it was at that point that Hu Yaobang caught a glimpse of the secret in Deng Xiaoping's mind.

But it was too late.

Some people in the know told me that since then, Hu Yaobang's name has been "removed" from the list of Deng Xiaoping's trusted followers.

The Great Impact of the Movement To Overthrow Hu [subhead]

That was a heavy blow to Hu Yaobang. [paragraph continues]

His problem was that since the elderly people refuse to retire, since he was not given the post of chairman of the Central Military Commission at the meeting, and since all the major posts -- that is, chairman of the Advisory Commission (Deng Xiaoping), secretary of the Central Discipline Inspection Commission (Chen Yun), president of the state (Li Xiannian), chairman of the NPC Standing Committee (Peng Zhen), and chairman of the CPPCC (Deng Yingchao) -- were all occupied, did this not mean he would be without a job after resigning as party general secretary?

The elderly statesmen refuse to retire because they are reluctant to give up their power and positions and because they want to check Hu Yaobang's power. Over the past year, particularly during the meeting held to redistribute power, the conservatives have harshly criticized Hu Yaobang. These criticisms, which are in fact attacks, have reached Deng Xiaoping mostly in the form of letters and reports. This movement, the purpose of which is to overthrow Hu Yaobang, is one with great momentum.

"Hu Yaobang wants to replace the planned economy by a capitalist market economy."

"Hu Yaobang wants to give up agriculture, stressing industry at the expense of agriculture."

"Hu Yaobang peddles the theory of high consumption. This means that he has no objections to building the country through thrift and hard work."

"As a result of his laissez-faire attitude regarding ideological matters, the country is swamped with bourgeois ideas introduced from the West."

"Hu Yaobang has actually encouraged bourgeois liberalization and the idea of 'wholesale Westernization,' which is advocated by some bourgeois intellectuals...."

"Hu Yaobang has put many of his men (including some members of his 'CYL gang') in important positions. This shows that he is practicing factionalism, trying to get rid of dissidents, and trying to assert his independence."

"As general secretary of the party, Hu Yaobang has not implemented the Resolution of the 6th Plenary Session of the 12th CPC Central Committee, particularly the part on fighting bourgeois liberalization. In addition this allows liberals in the party to freely spread ridiculous ideas that contradict the four cardinal principles."

"Actually, Hu Yaobang is the backstage boss, representative, and commander in chief of the bourgeois elements who oppose the four cardinal principles and vigorously advocate bourgeois liberalization and wholesale Westernization, that is, capitalist transformation of the country."

Deng Xiaoping Criticized Hu Yaobang Three Times [subhead]

The movement to criticize Hu Yaobang and pull him down from the stage was launched by the conservatives. Apart from conservative chiefs Chen Yun and Peng Zhen, it is said that Wang Zhen, Deng Yingchao, Bo Yibo, Hu Qiaomu, and Yu Qiuli were all very active. Others involved include Yang Shangkun, Xi Zhongxun, Li Xiannian, Yang Dezhi, and Nie Rongzhen. They formed a majority in the Political Bureau (some of them remained "neutral"). Naturally, the movement was in Deng's favor. [paragraph continues]

For this reason, he dared not take any action even though he wanted to protect Hu Yaobang. What is more, Deng was fed up with Hu and realized he could no longer prop him up. To maintain his prestige and be influential among the expanding conservatives and the Army, Deng Xiaoping, an experienced and astute man, had no choice other than to sacrifice Hu Yaobang.

It has been reported that during the "enlarged meeting" of the Secretariat of the CPC Central Committee held 2 months ago and the enlarged meeting of the Political Bureau held on 16 January, Deng Xiaoping criticized Hu Yaobang time and again. It so happened that Deng's criticisms coincided with the views and terms of the senior officials. To put their criticisms and views in a nutshell, Hu Yaobang should bear the responsibility for the bourgeois liberalization trend.

Hu Yaobang was dismissed from office in this way.

Deng Xiaoping Was Extremely Afraid of the Integration of Student Demonstrations With Worker Demonstrations; the Arrest of Poet Huang Xiang's Partner [subhead]

Not long ago, student demonstrations spread across the country. The students' demand for democracy, freedom, and thorough reform were actually a good thing for promoting the country's democracy and modernization program. However, the CPC regarded the student demonstrations as a great scourge.

Deng Xiaoping was extremely worried about the integration of student demonstrations with worker demonstrations. The movement launched by the trade unions in Poland flashed across his mind. As a result, he decided to adopt a tough and resolute attitude toward workers who dared ask for democracy and freedom. Deng also issued the following order: To prevent the workers from stirring up trouble, the students arrested should in general not be jailed, but the workers arrested must be imprisoned. When the Beijing University students waged a large-scale demonstration, the public security organs dispatched the detachment stationed in the east corner of Zhongnanhai. The policeman beat people and arrested more than 20 students. Later, the students were released. However, the three persons without student identity were "imprisoned after their arrest." According to Beijing television, one of the three persons arrested by the public security organs was Xue, a follower of a poet of the democratic movement Huang Xiang. With Ma Zhe as his pen name, he joined Huang Xiang and others in early September. They went from Guizhou to Beijing to hold an activity called the "Big Explosion of Celestial Poets" ("celestial" is an astronomical term). When Huang Xiang returned to Guizhou, Xue stayed in Beijing to join the student demonstrations. Consequently, he was arrested by the policemen.

The Slogans of the Student Demonstrations Against Hu Yaobang Listed in the Document of the Secretariat of the CPC Central Committee [subhead]

During this period, the CPC Central Committee transmitted a document of the Secretariat of the CPC Central Committee to the party organizations at all levels throughout the country. The document included reports of Li Peng and Hu Qili. The main content of the document issued by the end of the year (26-27 December) was:

THE CURRENT STUDENT DEMONSTRATIONS HAVE THEIR SOCIAL BACKGROUND, PARTICULARLY THE INFLUENCE FROM THE UNITED STATES (VOA) AND HONG KONG AND TAIWAN:

A SMALL NUMBER OF INTELLECTUALS HAVE RECENTLY DELIVERED STIRRING SPEECHES EVERYWHERE.
[paragraph continues]

THE MOST TYPICAL ONE IS FANG LIZHI, VICE PRESIDENT OF THE UNIVERSITY OF SCIENCE AND TECHNOLOGY;

THE MAJORITY OF STUDENTS TAKING PART IN DEMONSTRATIONS WERE THOSE OF THE FIRST AND SECOND GRADES;

A NUMBER OF ANTI PARTY AND ANTISOCIALIST UNDERGROUND PERIODICALS AND LEAFLETS WERE DISCOVERED IN THE CURRENT STUDENT DEMONSTRATIONS; AND

SOME REACTIONARY SLOGANS HAVE BEEN RAISED IN THE STUDENT DEMONSTRATIONS: "WE PREFER THE GANG OF FOUR TO HU YAOBANG," "REALIZE UNIFICATION OF CHINA WITH THE THREE PRINCIPLES OF THE PEOPLE," "IMPLEMENT A 2-PARTY SYSTEM," "DOWN WITH DENG XIAOPING," AND "ABOLISH THE HOUSEHOLD REGISTRATION SYSTEM."

The fact that the document disclosed the slogan "We Prefer the Gang of Four to Hu Yaobang" was surprising, because it was raised by merely a handful of people from Shanghai. Moreover, it was regarded as the petty action of the conservative, leftist elements against Hu. Now, promulgation of the document has made the fact known to the whole party and nation. It has been reported that Hu Yaobang was mentally discouraged. He said that it was incomprehensible. "Could it be a war of nerves waged by somebody?" Sensitive party cadres discussed the matter in private: "Who put the slogan in the central document? Is the general secretary in trouble?"

Deng Xiaoping Issues Three Directives [subhead]

Hu was disheartened. Deng was also not in a good mood because he failed in his attempt to stop the students from holding demonstrations at Tiananmen Square.

At a late hour on 1 January, more than 3,000 Beijing University students held a demonstration. They rushed to Tiananmen Square, a "forbidden area for demonstrations."

It can be imagined how shocked and annoyed the masters of Zhongnanhai were when they witnessed the student demonstrations on closed circuit television. Deng Xiaoping was so angry that he issued the following three directives: Transmit a document on opposing "bourgeois liberation" at once and expel Fang Lizhi and some others from the party, convene an enlarged meeting of the Political Bureau immediately to handle the question of Hu Yaobang, and take resolute means against anyone who dared to join the demonstrations after 15 January. According to Deng, Hu should be held accountable for the "disturbance created" by the students.

The Army on No 1 Alert? [subhead]

Meanwhile, the Beijing authorities (other provinces and municipalities followed the example) allocated 300,000 yuan to purchase train tickets for the students to go home and spend the Spring Festival with their families. The tickets were distributed to the students free of charge. The booking offices of the railway and bus companies offered on-the-spot services at all institutions of higher learning. Regarding students who stayed at the universities and colleges, the commercial departments gave them priority in purchasing commodities. For example, students with identity cards could purchase hairtail at the price of 0.57 yuan per catty, while the current market price of hairtail in Beijing ranges from 2.7 to 3.5 yuan. Fifty-seven cents was the price available 10 years ago. All this shows that the CPC has tried by hook and by crook to deal with the matter.

While handling student demonstrations, the Beijing authorities stipulated that no students should be arrested in public. However, leaders of the student movement should be tried. When necessary, they should be arrested secretly to avoid greater "disturbance." Why did Deng Xiaoping break the abstinence from arresting students and order those who dared to hold demonstrations after 15 January be arrested at once? The cadres were baffled at first. When they were informed that the enlarged meeting of the Political Bureau would be held on 16 January, they suddenly came to realize the motive. It was a move taken to prevent the students from rushing into Zhongnanhai and sabotaging the meeting.

The hearsay that the Army is on No 1 alert has yet to be verified. However, the Army was indeed on No 1 alert before and after Ye Jianying's death.

The Essential Contradiction Between Deng and Hu [subhead]

Whether or not the Army was on No 1 alert during the upsurge of the student movement, it has become an open secret that the Army has obtained greater influence and has the say at the top level of the party.

On the one hand, the conservatives tried by every means to draw the Army chiefs in (Hu and Zhao also attempted to stretch their hands out to the Army. On the other hand, Deng Xiaoping also increasingly relied on the Army. If the democratic movement spread like prairie fire, Deng Xiaoping would have to rely on the Army to serve as a fire brigade.

The democratic movement resulted in unity between Deng Xiaoping and the conservative forces in the Army, party, and government.

There were more oxygen ions in Mainland China's ideological sphere in 1986 than in any of the past 30 years or so. The literature and art circles, the academic circles in particular, have been active and everyone dared to air his views. Regarding the resolution on building spiritual civilization adopted by the 6th Plenary Session of the 12th CPC Central Committee, the conservatives intended to "restrict" with the article "Oppose Bourgeois Liberalization" approved by Deng Xiaoping. (When Lu Dingyi raised an objection, he was criticized by Deng Xiaoping in the presence of others). However, the trend of "opening wider" was not reversed. In the ideological sphere, although Hu Yaobang delivered the famous speech on "80 percent achievements and 20 percent mistakes" concerning journalism under the pressure of Deng Xiaoping and the conservatives, he was more "lenient" than Deng Xiaoping toward literature and art circles, intellectuals, and the creative, academic, and theoretical activities.

In the Ideological Sphere, Deng "Restricts" While Hu "Opens Wider" [subhead]

Hu Yaobang was actually against putting "oppose bourgeois liberalization" into the party's resolution. As a matter of fact, he protected a large number of scholars, theorists, writers, artists, and intellectuals who called for democracy and the reform of the political structure. While meeting the delegates attending the meeting of the council of the Chinese Writers' Association in Beijing a month ago, Hu Yaobang expressed his concern over Bai Hua and further encouraged him. However, Bo Yibo, who was also present, told Bai Hua satirically: "Oh, Bai Hua, you are really famous and well known." This remark is nothing new to the writers and artists because Deng Liqun used the same term and manner on many occasions to warn the ideologically emancipated writers. [paragraph continues]

If the man who saw Hu Yaobang encourage Bai Hua had been Deng Xiaoping instead of Bo Yibo, Bai Hua would have had to bear more than just the essayistic terms.

Over the years, Deng Xiaoping has tended to "restrict" while Hu Yaobang has tended to "open wider." This is the fundamental difference between Deng and Hu. It is the essential reason why Deng Xiaoping was dissatisfied with Hu Yaobang and why Deng frequently blamed Hu. It is also the main reason why Hu was charged with "violating the party's principle of collective leadership" and "the mistakes made in major political and principled issues."

Although Hu Yaobang is enlightened and open-minded, he is not a "capitalist roader" or a person who can share views with the open-minded scholars. On 4 January, Beijing newspapers carried a speech with a strong sense of party spirit made by Hu Yaobang within the party. Hu said: "We should not be afraid of stressing the great achievements attained since the founding of the PRC and the great successes of the CPC scored in the history of China because of mistakes made by our party in the course of progress. This one-sidedness is extremely harmful." His remarks remind us of the following: "Loyalty of the first category."

The overthrow of Hu by Deng and others is neither reasonable nor an observance of the party Constitution. None of the articles in the party Constitution stipulates that the meeting (or enlarged meeting) of the Political Bureau can "approve" the "resignation" of the general secretary.

Document No 1 -- Opposing Liberalization for 20 Years [subhead]

Now, Beijing's cultural figures and activists are trembling in the chill caused by the struggle "against bourgeois liberalization."

Document No 1 of 1987, which was circulated by the CPC Central Committee on 2 January, is a mobilization order "against bourgeois liberalization." This document reached all levels of the party in mid-January. It said that its basic contents are a speech delivered by Deng Xiaoping a few days ago (that is, on 30 December 1986) to a restricted audience. Its uncompromising tone reminds one of how sternly this elderly gentleman reprimanded Huang Hua and Geng Biao for "talking nonsense" a few years ago.

In this document, Deng Xiaoping said:

IT IS NECESSARY TO OPPOSE BOURGEOIS LIBERALIZATION FOR 20 YEARS.

WE HAVE ARRESTED WEI JINGSHENG. WE WILL NOT SET HIM FREE.

WE NEED NOT ADJUST OUR BEHAVIOR TO FOREIGNERS' ATTITUDES. WHAT WE HAVE DONE HAS NOT DAMAGED OUR INTERNATIONAL IMAGE.

DENG XIAOPING ALSO SAID THAT WHAT THE DEMOCRATIC PARTIES DID DURING THE STUDENT UNREST WAS VERY PRAISEWORTHY, WHEREAS "SOME OF OUR PARTY MEMBERS DID VERY POORLY." HE MENTIONED SEVERAL DEMOCRATIC PARTIES, INCLUDING THE REVOLUTIONARY COMMITTEE OF THE CHINESE KUOMINTANG AND THE CHINA DEMOCRATIC LEAGUE, AND THE NAMES OF THEIR RESPONSIBLE PERSONS AND PRAISED THEM. AT THE SAME TIME, HE STERNLY DENOUNCED WANG RUOWANG AND RAISED THE FOLLOWING QUESTIONS: WHY DO WE STILL USE PEOPLE LIKE WANG RUOWANG, LIU BINYAN, AND FANG LIZHI? WHY HAVE THEY NOT BEEN EXPELLED FROM THE PARTY?

Deng Xiaoping can never forget the "fight against rightist deviation." In this document, he justified the "fight against rightist deviation" and elaborated on how urgent the need for it was in 1957, although he conceded that things were magnified then.

The Contention for Premiership [subhead]

Many Beijing citizens are politically frigid and have long lost their faith in the party. However, the earthquake in Zhongnanhai this time has somewhat stimulated them politically. They pay close attention to the information coveyed by various newspapers, radios, and television stations on the one hand and enthusiastically discuss the momentous political change on the other. In addition to being concerned about Hu Yaobang's resignation — actually, many believe that Hu Yaobang has been dismissed from his office and they also discuss the question of who will succeed Zhao Ziyang as premier.

At the meeting held to redistribute power, which was mentioned earlier in this article, the question of who should succeed Zhao Ziyang as premier was also discussed. A friend in the know seriously told me that there were three "candidates" and three nominators:

Zhao Ziyang nominated Tian Jiyun

Wan Li nominated Li Ruihuan (Wan and Li being on very good terms);

Chen Yun nominated Li Peng (with the support of Deng Yingchao).

On that occasion, Wang Zhen remarked: "It is better to let children of cadres be in power." His remark actually implies that Li Peng should be chosen.

Contention for premiership is inevitable because of the existence of three candidates. However, I regret to say that I could get no further information when I was about to finish this article.

However, I have heard a piece of hearsay. It is said that if all of them refuse to yield, there will be a final resort, that is, a "fourth candidate" will be appointed premier. This "fourth candidate" is either Wan Li or Qiao Shi. If the old people continue in power, Wan Li has a good chance. To be sure, most of those who support Wan Li are reformers. As for Qiao Shi, he is "one who tries to please both sides." (The conservatives do not sincerely support him. However, they can accept him, albeit rather reluctantly.)

Preparation for the 13th National Congress Has Begun [subhead]

People are now making preparations for the 13th CPC National Congress. Various ministries and departments in Beijing have formally summoned party members to meetings to discuss the problem of electing representatives to party delegate conferences. It is alleged that the 13th CPC National Congress, which is scheduled to be held in October this year, will be postponed for 1 month.

It is believed that the CPC's internal struggle will not become less fierce in the next 10 or 11 months. Although the reformers are at a disadvantage, their game is not lost yet. It is possible that they still can reorganize their strength despite the loss of their chief leader.

However things may develop, the country's stable political situation has become shaky as a result of the decline of Hu Yaobang and of the increasingly noisy campaign against "liberalization." It is expected that articles written to criticize Hu Yaobang without explicitly mentioning his name will be successively published.

MAGAZINE SAYS COMMUNIST MANIFESTO OUTDATED

HK281057 Hong Kong MING PAO in Chinese 28 Jan 87 p 8

[*"Special dispatch" from Beijing: "Chinese Magazine Openly Points Out That the 'Communist Manifesto' Is Outdated and Should be Revised and Amended"*]

[Text] A Chinese magazine openly points out that, as a historical document, the "Communist Manifesto," one of the classical Marxist works, "has been stamped with the brand of the times and subject to the limitations of history."

GUOJI GUANXI has carried an article saying: Due to the limitations of history and with the lapse of time, some arguments in the "Communist Manifesto" either have become outdated or should be revised and amended.

1. The manifesto holds that the basic contradictions of capitalist society give rise to economic crises, which in turn gives rise to the proletarian revolution. This was in accord with the practical conditions at that time. In the epoch of imperialism, however, economic crises do not necessarily give rise to revolution.

2. On the path of the proletarian revolution, the manifesto only mentions one means -- violent revolution. The situation has changed since the Revolution of 1848. It would be incomprehensive to mention only one possibility.

3. The explanation and application of some principles in the manifesto have been challenged by facts in the contemporary world. For example, the manifesto divides the development of the capitalist economy into three stages: Simple cooperation, workshop handicraft, and mass machinery industry. For this reason, analyses of the contradictions in capitalist society were naturally based on capitalism in the period of big industries. This is obviously insufficient now. In analyzing the working class, the conditions leading to the transformation of workers into the utterly destitute in the early 19th century have also changed considerably now.

The article also points out that some viewpoints in the "Communist Manifesto" did not conform to the historical reality at that time.

1. After analyzing the basic contradictions of capitalist society, the manifesto reaches a conclusion that capitalism is doomed. However, it overestimates the level of capitalist development at that time and underestimates the possibility of its further development.

2. The manifesto forecasts the early arrival of the socialist revolution and stipulates that the immediate objective of communists was to overthrow the rule of the bourgeoisie and that the proletariat should seize political power. In the Revolution of 1848, however, although the revolutions in some countries were stamped with the brand of the proletariat, they were by and large bourgeois democratic revolutions.

3. The manifesto forecasts a quick polarization of the middle class and underestimates the role of peasants in the proletarian revolution. Facts have shown that the struggle of the peasants before they joined the ranks of the proletariat could be, and should be, brought into the orbit of the proletarian revolution.

4. The manifesto underestimates the role of the struggle of the oppressed peoples for liberation.

PENG ZHEN HOLDS DISCUSSION WITH WRITERS

OW271950 Beijing XINHUA Domestic Service in Chinese 1444 GMT 27 Jan 87

[Text] Beijing, 27 Jan (XINHUA) -- This afternoon at the Great Hall of the People, Peng Zhen, member of the Political Bureau of the CPC Central Committee and chairman of the NPC Standing Committee, met with nearly 50 veteran literary and art fighters of the Yanan period and discussed with them some questions on the ideological front and in the literary and art circles. Peng Zhen pointed out: The "Talks at the Yanan Forum on Literature and Art" written by Comrade Mao Zedong in 1972 is an important document which has enriched the Marxist-Leninist literary and art treasurehouse. Literary and art workers should review it, make an earnest effort to understand it and, according to the direction pointed out in this article, create more and still better works for the people of various nationalities working for the socialist modernization cause and to serve the purpose of building socialism with Chinese characteristics.

The literary and art fighters attending today's discussion were all young men of letters working in Yanan in those years. Many of them attended the Yanan Forum on Literature and Art. One was a student of the then Central Party School. On 11 November last year they organized the China Yanan Literary and Art Society aimed at carrying forward the Yanan spirit and making contributions to the prosperity of the socialist literary and art cause and the building of a socialist spiritual civilization. As requested, Comrade Peng Zhen, who had been the vice president of the Central Party School in Yanan, assumed the post of honorary president of the society. Today when they happily got together to reminisce, talk about the old traditions, and discuss their tasks, they had a feeling of exceptional cordiality. Peng Zhen shook hands with the veteran literary and art fighters one by one and could not help saying: "When I see you, I immediately recall the Yanan spirit. The Yanan spirit is in your hearts and is manifested by you."

At this discussion meeting, remarks were made by Chen Ming, Liu Baiyu, Cao Ming, Yao Yuanfang, Yao Zhongming, Xu Xiaobing, Li Qi, and Lin Mohan. They recalled the experience in those years when they got their drinking water from Yan He, lived in cave dwellings, and worked hard on the literary and art front for the Chinese people's liberation cause in accordance with the spirit of the Yanan Forum on Literature and Art. In addition, they expressed a determination to take an active part in opposing bourgeois liberalization. In their remarks, they also expressed their firm support for the decision made at the enlarged meeting of the Political Bureau of the CPC Central Committee. They said: Today literary and art workers should still consider the basic question concerning whom literature and art should serve and how to serve them. This question was solved in 1942 by Comrade Mao Zedong in his talks at the Yanan Forum on Literature and Art. In 1979, Comrade Deng Xiaoping stressed in his speech greeting the Fourth Congress of Chinese Writers and Artists that literary and art workers should continue to adhere to the direction pointed out by Comrade Mao Zedong -- that is, literature and art should serve the broadest masses and, first of all, the workers, peasants, and soldiers. In particular, Comrade Deng Xiaoping pointed out that it is the people who nurture our writers and artists, and that the people need art, but art needs the people even more. However, some people have forgotten the historical mission of the party's literature and art workers.

Wang Ruowang, Liu Binyan, and some others have renounced and opposed the four cardinal principles and advocated and spread the idea of bourgeois liberalization. This is what the broad masses cannot accept and want to firmly oppose. The comrades who spoke at the meeting vowed to uphold the four cardinal principles, keep firmly in mind their responsibility to society, and produce more works with their pens so as to provide the people with good spiritual nourishment. After hearing these remarks, Comrade Peng Zhen said in delight: I wish you well and a happy Spring Festival. I have come here today to show my support for you and for the work you are doing.

He said: When I see you, I immediately recall the Yanan spirit. At that time, all comrades came to Yanan from various parts of the country and from all corners of our land. Why? Because everyone knew that only the CPC could lead China to brightness. Prior to this, there had been few intellectuals in Yanan. With the arrival of so many intellectuals, there arose the question of whom to serve and how to serve them. Comrade Mao Zedong's talks at the Yanan Forum on Literature and Art unequivocally solved this question and pointed out that work orientation for the intellectuals, in particular the literary and art workers. These talks are of historical importance in that they have enriched the Marxist-Leninist treasurehouse. Now, the situation has undergone a drastic change, but the basic spirit of the talks are still applicable. Our intellectuals, including our literature and art workers, should serve the people and socialism.

Comrade Peng Zhen said: At present, an important question is whether we should uphold the four cardinal principles or practice bourgeois liberalization. To practice bourgeois liberalization, negate the socialist system, and advocate the capitalist system is, in reality, to retrogress and let the "three big mountains" once again weigh on the backs of the Chinese people. In that case, it is out of the question to make our country prosperous and strong and our people affluent and happy and to ensure the freedom, democracy, and other rights of the people. Hence, opposing bourgeois liberalization is a serious struggle, and we should concentrate all our efforts on grasping it.

Concluding his speech, Peng Zhen said: In the Yanan period, we had the same thinking and acted in step with one another toward the goal of overthrowing the "three big mountains" and soon won the victory of the revolution. Today, we are confronted with the arduous and complicated task of building socialism. We veteran Communist Party members and literary and art fighters must, first of all, uphold the four cardinal principles and unite the people of all nationalities in the country to persist in carrying out reforms and opening to the outside world, strenuously develop social productive forces through self-reliance and hard struggle, and make new contributions to promoting the socialist modernization program.

Among those attending the meeting and discussion were Zhou Gucheng, vice chairman, and Wang Hanbin, secretary-general of the NPC Standing Committee; and Yuan Baohua, honorary president of the China Yanan Literature and Art Society [title as received].

JIEFANGJUN BAO ON ENFORCING PARTY DISCIPLINE

OW152206 Beijing XINHUA Domestic Service in Chinese 0901 GMT 15 Jan 87

[From "Roundup of Beijing Press"]

[Excerpts] Beijing, 15 Jan (XINHUA) -- Today some newspapers in the capital published commentator's articles stressing that adherence to the four cardinal principles is the political discipline commanding every party member's unconditional obedience.

These articles say that is absolutely necessary to dispense with tolerance and enforce the party's discipline to sternly deal with those who advocate bourgeois liberalization and refuse to mend their ways. [passage omitted]

In a commentator's article entitled "Communist Party Members Who Advocate Bourgeois Liberalization Shall Not Be Tolerated by Party Discipline" JIEFANGJUN BAO notes: "Party discipline is established on the basis of party members' political consciousness. To deal with party members who have made mistakes, the party organization will of course resort mainly to education instead of punishment. But it will never tolerate those who knowingly violate discipline, obstinately cling to their course, and refuse to mend their ways despite repeated admonitions. Turning a blind eye to such people and letting them do what they wish is tantamount to giving up the party's principles and letting bourgeois liberalization run rampant. This will inevitably weaken the party's fighting power and hurt the party's cause. For a considerable period of time, a handful of persons who are Communist Party members in name only have recklessly smeared the party's leadership, negated the socialist system, vilified the proletarian dictatorship, and castigated Marxism-Leninism and Mao Zedong Thought, causing a very bad influence. But they have not been effectively stopped in good time. Why? One important reason is because of a soft, equivocal, and irresolute attitude in enforcing party discipline. We must firmly bear in mind this serious lesson." [passage omitted on other newspapers' articles]

NEWSPAPER ON RELATIONSHIP OF FREEDOM, DISCIPLINE

HK200122 Beijing JIEFANGJUN BAO in Chinese 6 Jan 87 p 3

[Article by Xia Yunfang (1115 7301 5364): "Correctly Understand the Dialectical Relationship Between Freedom and Discipline"]

[Text] What is freedom? Some people often talk about freedom and ask for it, but they do not know what freedom really means. They think if they can do whatever they like, this is what freedom means to them. This is at least a misunderstanding. Marxism gives a scientific explanation to freedom: Freedom means understanding and transforming inevitability. The so-called inevitability refers to the laws of objective things. People cannot have freedom unless they understand the laws of objective things and make efforts to change the world according to the laws.

Military struggle exists objectively and has its inherent laws. Before people understand the laws of military struggle and act according to the laws, they will not have the freedom to wage military struggle. An intercontinental missile is a high-speed and powerful weapon. Before we know how the weapon functions and its laws of launching, flying, and landing, we will not be able to adopt appropriate measures for pre-alert and defense and have the freedom to guard against the weapon's attack. The modern war needs a coordinated effort of different arms and services, which must act punctually and in unison under unified leadership. Before we achieve such unity, we will not be able to have the freedom to throw ourselves into battle. To perform a mission, soldiers must be united, alert, earnest, and lively, with their lives in good order. They must strictly observe regulations, ordinances and discipline so that they will have the freedom to work smoothly and lead a regular life.

It can thus be seen that freedom is conditional rather than unconditional. If we do not understand inevitability, we shall not be able to have freedom. The more we understand inevitability, the more freedom we have, and the less we understand inevitability, the less freedom we have.

If we ignore objective inevitability and do whatever we want, we shall in no way be free. It seems we are free, but in fact we act blindly. We make things worse and will be punished by objective law.

What is discipline? Discipline is the reflection of inevitability and the guarantee of freedom. In reply to a poem by Li Shirong [2621 0013 2837], Yeluchucai [5102 1774 2806 2624] said: "Disciplined soldiers can make the enemy take pell-mell flight." This shows that discipline is very important in military operations. To protect their own interests, people formulate a common code of conduct and enforce law and discipline according to their understanding of the laws of social development through a long practice. Once the law and discipline formulated by people on the basis of their understanding of inevitability are enforced, they are mandatory and binding and offenders are certainly punished. Socialist law and discipline reflect the fundamental interests of the working people and the objective laws of social development. They are the guarantee for the implementation of the line of the proletarian party, the guarantee for raising the fighting capacity of the people's army, the guarantee for normal production and life of the people, and the guarantee for the political stability and unity of the whole society. All citizens should therefore be subject to them of their own accord. The state Constitution is a grand code which reflects the fundamental interests of our people. No one is allowed to oppose it, otherwise, he is held in contempt by social morality.

Freedom and discipline supplement each other. All people's activities are stamped with a social aspect. We should emphasize discipline while practicing freedom. In defiance of commonly-observed discipline, the individual has no freedom. Therefore, discipline is the guarantee for people's freedom. If an army does not have its ordinances and discipline to control its men, it will become a motley crowd and will be quickly defeated in battle. Then may we ask: Do we still have freedom?

Politically, freedom is a citizen's right, but philosophically, freedom is the concrete manifestation in political life. This is the relationship between the specific and the general. Therefore, political freedom should also be subject to political discipline and law which reflect objective inevitability. The proletariat and its party always advocates democracy and freedom. At the same time, it also urges the enforcement of strict discipline and regards discipline as the necessary guarantee for freedom. Our party has at all times upheld democratic centralist principles of organization, stressing "the individual is subordinate to the organization, the minority is subordinate to the majority, the lower level is subordinate to the higher level, and the whole party is subordinate to its central committee." Thanks to the carrying out of the "three main rules of discipline and the eight points for attention" and the enforcement of different regulations and rules, our Army was able to consolidate itself and unite the people so as to ensure it to act on its own in military operations (the initiative in wars) and to win victory in the revolutionary war. Under the socialist system, socialist legality and discipline give expression to the will of the entire people, safeguard the legitimate rights and interests of the people, set norms for people's activities, punish and strike all unlawful practices harmful to society, and consolidate the stability and unity of society, thus guaranteeing citizen's personal freedom and the freedom to carry out normal productive labor, scientific research, literary and art creation and other cultural activities. To treasure the freedom, people certainly abide by, of their own accord, the state Constitution and observe the law, policies and discipline. They absolutely do not allow some people to disrupt socialist legality and discipline under the pretext of seeking democracy and freedom.

Now some people only want freedom and do not observe discipline. They adore bourgeois freedom in Western countries, urging the practice of "mass democracy." Among them, besides the very few having ulterior motives, the majority do not have a clear understanding of the situation in Western countries. As a matter of fact, freedom in Western capitalist countries is restricted. Taking the United States as an example, freedom of speech is not protected in 18 aspects, and particularly in the Army. In the United States, election candidates are not allowed to practice freedom of speech on military basis. When entering into an election contest in 1976, a well-known physician distributed leaflets and delivered political speeches on a military base. He was banned by the authorities. Apart from this, all practices of "freedom of speech" or "freedom of assembly" which jeopardize public security, disrupt school classes and urban traffic and harm the rights of other people are restricted in the United States. It is thus seen that even in the Western capitalist countries which flaunt aloft the banner of democracy and liberty, there is no unrestricted absolute freedom.

Briefly, conscientiously observing discipline is the necessity and guarantee for freedom. Only when people really realize that discipline is very necessary in their daily life, just as air and sunshine are, will they be able to win more and extensive democracy.

COLUMNIST ON ROLE OF INTELLECTUALS IN REFORM

HK220907 Beijing CHINA DAILY in English 22 Jan 86 p 4

[*"It Seems To Me"* column: "Time for Intellectuals To Rethink Their Role"]

[Text] It has been clear that one of China's main tasks this year is to further consolidate and co-ordinate the reform measures that it adopted previously. Chewing upon such pledges, made recently by the members of the leadership, one can probably think of quite a number of delicate issues that need to be handled.

Chinese intellectuals, I believe, may play a much more active and helpful role in this process, as they did during the foregoing reform. China's continued progress in building its economy and socialist democracy will no doubt need their contribution.

At the same time, I expect that this year's sustained reform will provide intellectuals with an opportunity to rethink a bit of their own experience in the last couple of years, drawing some lessons to make better contributions to China's socialist modernization.

Thus far, one can think of at least one question: How can the best educated people work together with the rest of society in pursuit of their shared interests and ideals?

There is no gainsaying the fact that many of them have done well by adding strength to the country's dramatic change. Most intellectuals have accomplished something.

In one remarkable instance many economists and scientists in other fields, are assisting the central decisionmaking body in charting the course of the reform. Some of them are quite young and have been trained abroad. They are demonstrating as much practicality as foresight in working out the strategy and details for suiting the country's economic structure to its realities.

Such people represent the mainstream of Chinese intellectuals. Yet, I am afraid one can also vaguely discern a little different.

Deeply hurt by China's underdeveloped situation and by the political blunders of the 1960's and early 70's, when they compare the country with the economically most advanced societies, some of them may sometimes be carried away by passion and anxiety. In trying to find a solution for their compatriots some may forget that rationality and adequate analysis of the facts are necessary.

This is evidently undesirable in the academic field. I believe that the social role of intellectuals is not merely to awaken the populace by pointing out to them, vehemently, the existing problems, but also to come up with workable ways of improvement.

I know some young intellectual friends who, having just read a few introductory books on social science published abroad and with minimal practical experience, sometimes appear too ready to apply their "new concepts" to their own social environment.

To make things worse, a small number of people even try to go out of their way to advocate what is virtually a Western political system. High-sounding as it is, the proposal for total Westernization can hardly be considered as based on good science. Nor will the masses react to it with enthusiasm.

Social science is after all science. And unproven theories are, after all, "hypothetic and cannot be taken as granted. They are most probably untenable and even harmful.

It is often said that for social scientists, to tell what society is seems to involve much higher scholastic quality than simply tell what society should be.

The real challenge to Chinese intellectuals, it seems to me, is to work out a blue-print for a future that can best suit the nation's social realities. Some observers have rightly remarked that Chinese reform has entered a period in which new changes will no longer be as immense as the ones of the past, and both rural and urban economic sectors need very scrupulous and adaptive management.

Under such circumstances, the proposal of a working detail would perhaps be worth more than a new strategy. But the former can bring about much less personal esteem, not the least the kind of psychological comfort that Chinese intellectuals once aspired for centuries.

It will take much more work also. It will require, for example, political scientists to study economic issues and, to test their proposals' viability, and for intellectuals to learn from the masses, their thoughts, behaviour, difficulties and even their language.

But this will no doubt be useful and will produce valuable consequences. More aware of the demands of the times, I am sure Chinese intellectuals will do even better in using their talents to benefit the nations' continuing reform.

ANTI-LIBERAL STRUGGLE NOT AIMED AT WRITERS

OW260838 Beijing XINHUA in English 0818 GMT 26 Jan 87

[Text] Beijing, January 26 (XINHUA) -- The present struggle against bourgeois liberalization in China is by no means "spearheaded at writers and artists", the "GUANGMING DAILY" declared in a commentary today.

The commentary said that the struggle does not mean that the principle stand and policies of the Chinese Communist Party on literature and art have changed. It described the struggle as an "indispensable move" to carry out the ideological line established by the party since 1979.

The commentary foresaw no accusations of "bourgeois liberalization" against those who have, owing to an erroneous trend of thought, made wrong remarks, written erroneous articles or unhealthy works, but who are ready to mend their ways. "Neither shall we criticize different views in the academic and art area as 'bourgeois liberalization,'" it added.

"Our party has accumulated rich experience in this regard, both positive and negative," it said, noting that the Chinese Communist Party will not, nor will allow anyone else to, confuse contradictions different in nature.

The commentary accused those deliberately creating a tense atmosphere in the struggle as "harboring ulterior motives and ill-will", and called for vigilance against such people.

It went on to say, "We have a basic conviction that the overwhelming majority of writers and artists share the stand of, and think the same way as, the party, and they will not follow such people as Wang Ruowang and Liu Binyan." Wang and Liu are writers who have just been expelled from the Chinese Communist Party for spreading the ideas of bourgeois liberalization.

The commentary expressed the belief that most writers and artists understand that the struggle against bourgeois liberalization is conducive to China's ongoing reforms and the open policy, to the implementation of the policies of "literature and art serving the people and socialism" and "letting a hundred flowers bloom and a hundred schools of thought contend."

It added that the struggle will also help strengthen and improve the leadership of the party over literature and art, promote the unity of writers and artists, help them display their initiative and make literary creation "even more lively and prosperous."

CHEN MUHUA DISCUSSES REFORM OF BANKING SYSTEM

OW270838 Beijing XINHUA in English 0818 GMT 27 Jan 87

[Text] Beijing, January 27 (XINHUA) -- The reform of China's banking structure this year will focus on "opening money markets and speeding up the issuance of short-term interbank loans."

Writing in today's "ECONOMIC DAILY", Chen Muhua, state councillor and governor of the People's Bank of China, called for opening long-term money markets this year throughout the country in what she termed "a planned and guided manner."

Various banks in China can issue bonds for well-run businesses with high credibility, she said, adding: "Banks can also issue financial bonds within a limited scale."

In so doing, according to her, it is imperative to assess the amount of money available in the whole of society and exercise a unified control over the money-raising campaign.

"All money raised this way must be used for projects included in state plans," she said. "We should also promote vigorously diverse forms of insurance business to guarantee a stable, long-term supply of money."

The other two tasks for the reform of China's banking structure this year are, she said, to tighten overall monetary control and explore ways to turn banks into businesses responsible for operation, profits, losses, risks and the balance between the money collected and loans extended.

WANG BINGQIAN ON CURTAILING CAPITAL CONSTRUCTION

OW270053 Beijing XINHUA Domestic Service in Chinese 1437 GMT 21 Jan 87

[By reporter Chen Yun]

[Text] To insure that the scale of capital construction in China corresponds to the financial capacity of the state is this years pressing task, said State Councillor and Minister of Finance Wang Bingqian at today's meeting on the work of China's construction banks. He said: To place the scale of investment under control, readjust the investment pattern, insure the completion of key construction projects, and raise economic returns on investment remain the main tasks of the construction banks for this year and next year.

Wang Bingqian said: During the last year, the rate of growth of investment in fixed assets in state-owned enterprises dropped to 15.5 percent from 1985's 41.8 percent. Investment in energy was raised to 22.2 percent from 20.5 percent. Investment in nonproductive undertakings dropped from 43 percent to 39.5 percent. It shows that results have been attained in controlling the scale of investment and readjusting the investment pattern. However, investment is excessive. Too many places need investment, and there is not enough for key construction projects. All this remains a major contradiction. Right now, some departments and areas are still requesting permission to launch new projects. As seen from the investment scale of this fiscal year, investment within the state budget is basically under control. However, the issue of excessive investments beyond the state budget has not been solved. At the same time, these investments are mainly used in processing industries and nonproductive undertakings. No guarantees has been given in financing to insure the development of state key construction projects such as those in energy and communications.

In view of the aforementioned situation, Wang Bingqian urged construction banks to pay full attention to the following three areas this year.

1. Investment in fixed assets under the management of construction banks must not exceed the amount approved by the state, no matter whether it will be used for capital construction or for renovation. No funds or loans will be available for projects that are beyond the state budget.

2. Banks must do a good job in controlling capital construction investment with self-raised funds. All self-raised funds for capital construction must be appropriated under the supervision of construction banks, and measures taken to insure that such funds are being properly used.

3. Banks must insure that all investments are put to good use, and help those that are short of funds to further tap their financial resources and achieve a financial balance by themselves.

Wang Bingqian exhorted those attending the meeting, saying: While money is tight, it is essential to do a good job in handling the relations between the part and the whole. We must not take into consideration the needs of a particular area, department, or enterprise. We must pay attention to the issue of an overall imbalance between the general supply and demand. He said: The issue of insufficient investment in this years state key construction projects is extremely serious. The State Council has decided that banks should directly issue, or departments and enterprises acting on behalf of the banks should issue, some construction bonds in order to shift the money on the market beyond the state budget to developing the infrastructural facilities within the state budget. This method constitutes an orientation for raising capital construction funds from now on.

On practicing economy, combating waste, and raising returns in investment, Wang Bingqian said: Right now, the costs in developing capital construction projects are increasing every year. Budgetary estimates are often exceeded, while enterprises engaged in construction often reap less profit. Some of the units squander money freely. The department of the construction banks in charge of financial management must strengthen their control over money and help construction units formulate their plans carefully. It must be sure to do the following:

- Offer more accurate estimates for the development of projects.
- Avoid major losses or waste due to errors in the course of implementing policy decisions.
- Continue to do a good job in making budgetary estimates or budgets for various engineering projects.
- Criticize those who ignore the state of affairs in China and seek to maintain unreasonably high standards in construction.
- Strengthen the procedure of checkups for payments, and stop asking for extra fees or demanding money from customers.

At the same time, construction units must be encouraged to increase production and tap their potential in order to make up deficits or increase their profits and strive to fulfill their plan of repaying the loans banks give to them on the basis of the policy of "changing fund appropriations to loans."

RENMIN RIBAO ON STEADY ECONOMIC DEVELOPMENT

HK240354 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 24 Jan 87 p 1

[Commentator's article: "Uphold the Guiding Principle of Long-Term and Steady Economic Development"]

[Text] The current economic situation in our country is good. The abnormal situation characterized by an extraordinary high growth rate has been changed, the overheated economy has been cooled down, the national economy has already been developing steadily for 8 successive years. However, the economy is still subject to the influence of some uncertain hidden factors. These are mainly displayed in the overexpanded scale of investment in fixed assets and excessively high financial expenditure. Should this situation be allowed to develop unchecked, it will inevitably lead to a serious instability and we will possibly have to effect an overall readjustment. Therefore, we should never lower our guard against these existing latent uncertain factors.

These are two main causes for this situation. First, various localities and departments have overexpanded the investment scale, having set an excessively high target on economic growth and being too eager to bring about a drastic change. They want to launch all projects that they think good and to accomplish them promptly. They have their heads swelled and the economy overheated. Members of outgoing leading bodies want to accomplish more projects before they leave, while incoming leading bodies are eager to start more projects. In the hope of overtaking others, everyone just compares and competes with others regardless of his own resources. All localities try to start many projects simultaneously in a disorderly way, which is beyond the limit that our economic development level and resources can afford.

Second, extravagance has become a common practice. People have gone in for ostentation and extravagance. Public funds have been used to subsidize sight-seeing tours, give banquets, and present gifts; expenses on meetings and entertainment of guests, as well as various allowances and subsidies, keep on increasing; and all kinds of facilities have been upgraded to modern standards. The situation is terribly serious. We will hardly be able to survive if the financial expenditure keeps expanding unrestrained.

The only correct way to get rid of these uncertain hidden factors is to cool down the overheated economy, raise production, launch an economy drive, increase income, and curtail expenditure. While increasing the aggregate supply and improving the quality of supplied commodities, it is necessary to focus our attention on keeping down the excessively high aggregate demand and demanding a balance between the social aggregate demand and supply. For the time begin, an important task is to take appropriate measures to substantially curtail the amount of extrabudgetary funds and to save some funds for the key projects covered by the state plan. All localities, departments, and units must take the people's livelihood and local conditions into consideration before starting any project. Now it is high time for us to sober ourselves up, to face reality again, and to act in a down-to-earth manner. All localities and departments must allocate their funds first to the development of energy, communications, and other requisite infrastructure facilities. Formalism must be discarded. Every enterprise must try to promote production, launch an economy drive, increase its income, and curtail its expenses. These measures must be brought into full play as the great motivating force for production development and management improvement. Every enterprise must regard as its important targets, the reduction of production cost and material consumption, improvement of quality, and increase in the variety of product designs, sizes, and colors, and exert its utmost to fulfill them. It is necessary to promote among the masses the spirit of building the country through thrift and hard work. Needless to say, we must be deeply concerned for the people's livelihood, do in a down-to-earth manner everything that we can do, and improve the people's living standards year after year. The general guideline is that we must save empty words but quietly put our shoulders to the wheel. So long as the whole nation follows this spirit, the national economy is bound to develop steadily and continuously and our goal to quadruple the country's output value by the turn of the century is bound to be fulfilled.

GUANGMING RIBAO ON SHAREHOLDING SYSTEM PROBLEMS

HK271127 Beijing GUANGMING RIBAO in Chinese 17 Jan 87 p 3

[Article by Shang Liping (0794 4539 1627): "Problems Facing the Shareholding System"]

[Text] In the discussion on vitalizing enterprises, the view of the shareholding system is becoming more and more popular. In my opinion, the shareholding system is not a good proposal for solving a series of economic problems in China and it may cause many problems.

First, it will cause confusion of ownership. To vitalize enterprises, we may use the separation between the right of ownership and the right of operation of an enterprise to end strict state control over enterprises owned by the whole people. However, the right of ownership and the right of operation of enterprises owned by the whole people are separated reasonably, not entirely and absolutely. The form of possession by shares will result in a problem of who becomes the biggest shareholder. If individuals or enterprises become the biggest shareholder and the state is in a subordinate position, it will in fact change the ownership of the means of production. This is actually hard to effect in practice. Furthermore, individuals and enterprises have no such huge amount of funds to turn enterprises owned by the whole people into an entity of legal person. If the state becomes the biggest shareholder, then the shares will finally be allotted to all departments and local governments, and human, financial, material, supply, production, and marketing departments of the enterprises will again be under administration of the departments and local governments. The problem of no separation between government and enterprises will appear in a new form.

Second, in production and operation, enterprises will still lack sufficient motives and necessary conditions to seek long-term development, and their economic activities will be conservative and of a closed type. Due to the restriction of short-term spending interest in production and investment, enterprises would be unwilling to attempt new production or production involving long-term investment, but would tend to develop products that are less risky in production yet can yield fast results. This would affect the production structure, product mix, and technological structure of the whole national economy.

Third, it will result in expansion of spending funds in the distribution of interest. Along with the development of the economic structural reform, the division of spending funds and part of accumulated funds will be affected within enterprises. To serve their own interests, enterprises will naturally seek the fulfillment of the current interest. In particular, as workers and management executives can move freely to join other enterprises that may give them high pay, they will not be interested in accumulation. In addition, the rigidity of pay and the comparison between enterprises push them to prefer spending part (pay, reward money, and bonus). In China, large and medium-sized enterprises owned by the whole people usually have a high profit rate of capital and a high level of mechanization. If shares are issued midway, then part of their profits will go to collectives and individuals, thus reducing the state's financial revenues. Moreover, if large and medium-sized enterprises issue shares, it will be very difficult to valuate their assets and to divide newly-gained profits.

Finally, conditions are not ripe for China to institute the shareholding system. Due to failure to coordinate economic levers, the phenomenon of prices departing from the value of products is very serious. Despite low interest rates and the relaxation of control over granting loans, the central authorities still make investments according to different departments or regions. In addition, as a result of the mixed use of funds raised by people and the funds allocated by the state and the examination and approval of investment projects by the central and local governments, enterprises will still be under the protection and care of the state, and the investment thirst disease cannot be controlled. On the contrary, due to the reduction of direct control, the expansion of investment, accompanied by the expansion of spending funds, will once again become a difficult problem in our economic problem that is hard to solve.

ENTERPRISES CALLED ON TO HEIGHTEN RESPONSIBILITY

OW221128 Beijing XINHUA in English 1107 GMT 22 Jan 87

[Text] Beijing, January 22 (XINHUA) -- Today's "ECONOMIC DAILY" calls on industrial enterprises to heighten their sense of responsibility while having been given more decisionmaking powers and material interests. This must be given full attention in deepening the present reforms to inject more vigor into enterprises, the paper said in a commentary.

"These three areas, power, material interests and responsibility, are inseparable," the paper said. "And the combination of the three should be stressed while improving the management."

The commentary said that over the past few years much stress was given to power and profits for the purpose of creating favorable outside conditions for enterprise reforms and now it is time to give full attention to the responsibilities and obligations of enterprises to the state and people.

"Now the basic task for enterprises is to develop production, raise economic benefits and deliver more tax and interest to the state," the report said, adding when enterprises are given more decisionmaking power, they are expected to assume sole responsibility for their profit or loss, and make more contributions to the state. "At present, a few people think more about power and profits than responsibility," the paper notes, "and some people have spent wastefully in capital construction with little attention to economic results and continue to ask the state for money."

The paper urges enterprises to increase production while becoming cost-efficient, to correctly handle relations with the state, collectives and individuals, to do everything in line with China's current conditions and to contribute more to the state.

ARMY RECRUITMENT OF MORE COLLEGE GRADUATES NOTED

HK210735 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1528 GMT 21 Jan 87

[Text] Beijing, 21 Jan (ZHONGGUO XINWEN SHE) -- According to the latest statistics from the Chinese military, the proportion of grass-roots cadres in the Army who have received high school education has risen to 97 percent, and there is one university graduate out of every six grass-roots Army cadres. Half of these officers have been trained in the Army's commanding academy. The vacancies have decreased sharply, and those in the combat units have all been filled.

A report in today's JIEFANGJUN BAO said that through the institutional reform and the reorganization of the troops, the grass-roots level commanding posts in the PLA have been basically filled with higher quality officers, and the structure has become better.

The report said that in the Army reorganization in recent years, cadres should obey orders and take the new posts. For example, in a reorganization action in the Shenyang Military Region, some 1,500 cadres were transferred to new posts in a group army, and they all reported for duty within 1 month.

CHEN GUANGYI ADDRESSES FUJIAN CADRES MEETING

OW230053 Fuzhou FUJIAN RIBAO in Chinese 8 Jan 87 p 1

[Text] The provincial party committee held a meeting of party-member leading cadres of provincial departments and bureaus, as well as colleges and universities, on 6 January. The meeting stressed the need to uphold the four cardinal principles with perfect assurance, take a clear-cut stand in opposing the ideological trend of bourgeois liberalization, treasure and safeguard political stability and unity, consolidate and develop the excellent situation, and vigorously promote the smooth development of the two civilizations in our province.

Hu Ping and Jia Qinglin, deputy secretaries of the provincial party committee, presided over the meeting. Secretary of the provincial party committee Chen Guangyi spoke.

Comrade Chen Guangyi said: In the 8 years since the 3d Plenary Session of the 11th CPC Central Committee, practice shows the profound popular support for our party's line, principles, and policies which have yielded great results. A fine situation currently prevails throughout the nation. The excellent situation is marked by political stability and unity; sustained, steady, and coordinated economic development; a flourishing market; and better livelihood for the people. The past 8 years have been the longest period of prosperity since the founding of the PRC. This excellent situation is recognized at home and abroad. Since implementation of "special policies and flexible measures" in Fujian, efforts to open to the outside world and make reform have invigorated construction in all aspects. During the Sixth 6-Year Plan total industrial and agricultural output value increased by 10.5 billion yuan, averaging a 12.6 percent annual increase; national income rose by 9.2 billion yuan, averaging a 12 percent annual increase. There was also fair improvement in the people's living standards. The peasants' per capita net income increased by 224 yuan in 5 years. In 1986, despite serious natural disasters in our province, which resulted in a grain reduction and serious power shortages for industrial production, the economy continued to improve, thanks to party organizations at all levels, as well as the large number of cadres and masses who worked with a concerted effort to persist in carrying out reform and opening to the outside world. Peasants' income continued to increase. About one-third of the impoverished households in Fujian have basically shaken off poverty. Industrial production topped the previous year by 10.7 percent, and agricultural production increased by 6 percent. Total industrial and agricultural output value is expected to surpass the previous year by 8 percent. These achievements have not come easily.

Touching on street demonstrations by a few students in some cities, Comrade Chen Guangyi said: News was spread through the grapevine in some colleges and universities in our province a while ago. Particularly noteworthy was the fact that some people carried out inflammatory propaganda among students to oppose the four cardinal principles. They even posed as students from other cities, sneaked into schools to establish contacts, and spread the extremely erroneous view of dumping party leadership and socialism. In this situation, we took a clear-cut stand in distinguishing between right and wrong, resorted to inducements and education, and strengthened ideological and political work in schools. As a result, during this period, the overall situation in colleges and universities in Fujian was fine, and the situation throughout the province was stable.

In his speech, Comrade Chen Guangyi stressed the need to strengthen work on the ideological, theoretical, and propaganda fronts, and to resolutely oppose bourgeois liberalization. [paragraph continues]

He said: For some time, the ideological trend of bourgeois liberalization has spread unchecked, while some comrades fail to take a clear-cut stand in resolutely resisting and opposing it. Recent street demonstrations by a few students in some large cities are closely related to the unbridled spread of erroneous views on practicing bourgeois liberalization and opposing the four cardinal principles. Facts have shown that behind the students are those keen on promoting "total Westernization" and bourgeois liberalization, as well as the remnants of the "gang of four." They were inciting the people to make trouble. Some enemy elements were also casting covetous eyes and itching for action. Therefore, we should fully understand the complexity and seriousness of this issue, heighten our vigilance over a handful of troublemakers, and take a clear-cut stand in opposing bourgeois liberalization. As matters stand, some aspects of our propaganda work and the mass media still do not meet the needs of the new situation and tasks. They fail to publicize the party's four cardinal principles with perfect assurance, while consciously or unconsciously helping the spread of erroneous ideological trends. Therefore, how to strengthen and improve the party's leadership over ideological matters and put propaganda tools and mass media in the grasp of the party is an extremely important issue on the ideological front, deserving the great attention of the whole party.

Comrade Chen Guangyi urged party committees at all levels to effectively improve ideological and political work in colleges and universities, following the correct direction for inculcating knowledge, while educating the people. Educational administrative departments and school party committees at all levels should conscientiously implement the guidelines of the "resolution" of the 6th Plenary Session of the 12th CPC Central Committee, list ideological and political work as an important item on their agenda, and take effective measures to carry it out. It is necessary to strengthen party leadership, equip schools with adequate staff for ideological and political work, raise the quality of these personnel, and work out new ways to do ideological and political work suiting contemporary college students. The school atmosphere should be considered an important ingredient in implementing the "resolution." To develop vocational ethics in schools, stress should be placed on educating the people while inculcating knowledge, improving management, and providing service. We should rely on the teaching staff of the whole school; permeate teaching, extracurricular activities, and daily lives with ideological and political work; and guide college students to take an active part in social practice. Better guidance should be provided, and the CYL, trade unions, and students' councils should play a great role in promoting self-education among teaching staff and students.

Comrade Chen Guangyi laid special emphasis on the need to arouse all society to treasure, safeguard, consolidate, and develop our province's political stability and unity. He said: Political stability and unity is the key to the success or failure of China's socialist modernization. It is also an important guarantee for keeping up our efforts at reform and opening to the outside world. Party committees, governments, and leading comrades at all levels should commit themselves to promoting stability and unity. Do not think this is only the problem of a few schools, and that there are no unstable factors in other areas. All society needs to eliminate unstable factors. As reform and the process of opening to the outside world continue to proceed in depth, they are bound to affect some people's vested interests, and mistakes and problems will inevitably occur in the course of reform. People opposed to reform may seize the opportunity and use the contradictions to incite the masses to create trouble.

The basic concern in consolidating and developing stability and unity is to promote work in all fields and develop an excellent situation. If we do a good job of reforming and opening to the outside world, promote the economy and spiritual civilization, and constantly improve the masses' material and cultural lives, we shall have the ideological and material basis for maintaining stability and unity. [paragraph continues]

Not long ago, the fourth plenary session of provincial party committee adopted "Some Measures for Promoting Development of Socialist Spiritual Civilization in the 'Seventh 5-Year Plan,'" and the "Resolution on Speeding up Opening to the Outside World and Reform and Vigorously Developing an Outward Economy," which further clarified the goal of developing the two civilizations in our province during the Seventh 5-Year Plan. Meanwhile, it also formulated comprehensive plans for this year's work. The provincial planning conference was also held recently. Soon, a rural work conference will be held. The current task is to closely attend to implementation, especially of industrial and agricultural production. Work in all fields should be done early and effectively to give our industrial and agricultural production and work in other fields a good start. These practical actions should be taken to consolidate and develop overall stability and unity.

To consolidate and develop stability and unity, we should continue to do a good job in party rectification, correct party style, and strengthen the buildup of party organizations. Facts have shown that inadequate blood-producing mechanisms and immune systems in our party organizations are precisely why the ideological trend of bourgeois liberalization has spread unchecked. Therefore, we should continue to strengthen party building, consolidate and enhance achievements in party rectification, and successfully carry out village-level party rectification. Party committees at all levels should sternly and conscientiously handle cases of party member-cadres and party members who commit the serious mistake of abusing power to serve private interests, violate law and discipline, and display a tendency to bourgeois liberalization.

In conclusion, Comrade Chen Guangyi urged leading cadres and Communist Party members at all levels to take a clear-cut and firm stand, assuredly and resolutely keeping in the forefront of the struggle to uphold the four cardinal principles and oppose bourgeois liberalization.

SHANGHAI LEADERS ASSURE NO CHANGE IN POLICY

OW280549 Shanghai City Service in Mandarin 0100 GMT 25 Jan 87

[Excerpt] Leading comrades of the Shanghai Municipal CPC Committee, responsible persons of various democratic parties and mass organizations, and some 200 well-known figures from various circles in Shanghai, happily gathered in a Spring Festival tea party in the (Jingjiangqiao) Auditorium on the morning on 24 January. Sitting side by side, with a cup of tea in their hands, they talked freely and to their heart's content.

During the party, Rui Xingwen, secretary of the Shanghai Municipal CPC Committee, discussed questions on everyone's mind regarding the personnel change at the party Central Committee and the opposition to bourgeois liberalization. He said: We must clearly realize the serious harm in the rampant ideological trend of bourgeois liberalization. We should set a correct course in the field of ideological theory. We should do an even better job in upholding the four cardinal principles and in adhering to the policy of reform, opening to the outside world, and invigorating the domestic economy.

He also conveyed to those present at the tea party the recent instructions given repeatedly by the central leading comrades -- that the struggle to oppose bourgeois liberalization must not be extended to the field of economic work and our daily life.

Mayor Jiang Zemin emphasized that the struggle to oppose bourgeois liberalization would not change our economic policies.

Other municipal leading comrades present included Hu Lijiao, Wang Daohan, Yang Di, Chen Tiedi, Zhang Dinghong, Shi Zhuan, Mao Jingquan, Wang Liping and Qian Xuezong. [passage omitted]

GUANGDONG LEADERS AT SPRING FESTIVAL GATHERING

HK290245 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 28 Jan 87

[Text] The provincial party committee and government held a Spring Festival cinema soiree in Guangzhou yesterday. Present were Wang Shoudao, member of the Standing Committee of the Central Advisory Commission; Ngapo Ngawang Jigme, vice chairman of the NPC Standing Committee; Wang Guangying, vice chairman of the CPPCC; Ren Zhongyi, Liu Tianfu, and Zeng Sheng, members of the Central Advisory Commission; and responsible comrades of Guangdong Province Lin Ruo, Ye Xuanding, Liang Lingguang, and Luo Tian. Also present were responsible persons of central departments and fraternal provinces and municipalities currently in Guangzhou.

HUBEI CPC SECRETARY ON BOURGEOIS LIBERALIZATION

HK260633 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 23 Jan 87

[Excerpts] In mid-January, provincial party committee Secretary Guan Guangfu and some responsible comrades of the relevant provincial departments conducted investigations on economic work in Zaoyang, Baokang, Gucheng Counties and Laohekou City. They made an on-the-spot examination and study of the problems of developing production to overcome disasters and on the arrangement of people's daily lives. [passage omitted]

In his talks to local cadres during his investigation, Comrade Guan Guangfu repeatedly stressed that party committees at all levels must steadfastly uphold the four cardinal principles and resolutely oppose bourgeois liberalization.

Last year Zaoyang, Gucheng, Baokang and Suizhou were hit by protracted drought, hail, storms, and insects. The disasters were particularly serious in some areas. In his conversations with the cadres and masses in disaster areas, Comrade Guan Guangfu pointed out that it is necessary to fully mobilize the masses to open up all avenues for developing production to overcome the disasters. Meanwhile grass-roots cadre must be organized properly to help the masses solve the problem of the marketing of their products for overcoming the disasters. [passage omitted]

Comrade Guan Guangfu said that being hit by natural disasters is a bad thing. But a bad thing can be turned into a good thing through our strenuous efforts. We must continue the production methods that we discovered in developing production to overcome the natural disasters and must not abandon them even in years of normal harvests. [passage omitted]

In his talk to leading cadres of Xiangfan City and of the counties and cities under it, Comrade Guan Guangfu repeatedly stressed that steadfastly upholding the four cardinal principles and opposing bourgeois liberalization is a prime issue concerning the future and destiny of our party and state. Historical experience has proved that only by upholding the four cardinal principles and resolutely opposing bourgeois liberalization is it possible to safeguard the situation of stability and unity and to ensure the smooth progress of reforms and the socialist modernization drive. To uphold the four cardinal principles, we must resolutely oppose bourgeois liberalization. Opposing bourgeois liberalization is for the purpose of implementing still better the party's line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee. On this prime issue of political principles, party committees at all levels must remain sober-minded and adopt a resolute attitude.

HUBEI LEADERS VISIT ARMED POLICE FORCE

HK290239 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 28 Jan 87

[Excerpt] Yesterday afternoon, Guan Guangfu, secretary of the provincial party committee; Guo Zhenqian, deputy secretary and governor; and Qian Yunlu, deputy secretary, visited cadres and fighters of various armed police posts to extend festival regards to them. [passage omitted]

HUNAN LEADERS ATTEND ARMY-GOVERNMENT FORUM

HK271357 Changsha Hunan Provincial Service in Mandarin 1100 GMT 26 Jan 87

[Excerpts] This morning, the provincial party committee and provincial people's government held a forum to support the Army, to give preferential treatment to family members of martyrs and Army men, to support the government, and to cherish the people. [passage omitted]

Responsible persons of the provincial party, government, and Army, including Mao Zhiyong, Xiong Qingquan, Liu Zheng, Liu Fusheng, Wan Da, Jiao Linyi, She Xinshan, and Jiang Jinliu, and responsible persons of relevant departments at the provincial level and of PLA units at and above division level stationed in Changsha City attended the forum, over which by Provincial Party Committee Secretary Mao Zhiyong presided.

Xiong Qingquan, provincial party committee deputy secretary and governor, spoke at the forum. On behalf of the provincial party committee and provincial people's government, he gave festive regards to the PLA units stationed in the province, provincial armed police corps, disabled Army men, retired and demobilized Army men, and family members of martyrs and Army men. Xiong Qingquan reported the excellent situation of our province in 1986. The national economy continuously and steadily developed. The gross industrial and agricultural output value increased by 9.7 percent. Commodity prices were basically stable. [passage omitted]

Xiong Qingquan said: This year, we must do well in grasping two important matters. First, on the political and ideological fronts, it is necessary to adhere to the four cardinal principles and to resolutely oppose bourgeois liberalization. Second, within our whole province, it essential to extensively and penetratingly launch a drive to increase production, practice economy, increase income, and reduce expenditure.

He said: The current struggle against bourgeois liberalization has a bearing on the future and destiny of our party and country. Confronting the cardinal questions of right and wrong, we must take a clear-cut stand in standing in the forefront of the struggle. First, we must adopt a resolute attitude. Second, our method must be safe. We must strive to correct the orientation in a year. We wage this struggle because we want to better implement the line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee and to do a better job in reform, opening up, invigoration, and the building of two civilizations. Therefore, the current economic policies will remain unchanged.

Xiong Qingquan finally said: So long as we grasp seriously and well these two important matters this year, reform, opening up, and economic construction can be basically guaranteed and all aspects of work can be done better than last year.

I. 29 Jan 87

PRC REGIONAL AFFAIRS
NORTH REGION

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HEBEI SECRETARY ATTENDS YEAR-END REPORT MEETING

SK230532 Shijiazhuang HEBEI RIBAO in Chinese 30 Dec 86 p 1

[Excerpts] On the morning of 29 December, a year-end meeting of provincial-level organs to report on the province's situation was held at the provincial gymnasium by the provincial party committee and the provincial government. The meeting summed up and reviewed the province's work and excellent situation over the past 1 year, and set forth the work tasks for next year.

Xing Chongzhi, secretary of the provincial party committee, presided over the meeting. Xie Feng, governor of the province, made a report at the meeting.

Attending the meeting were nearly 8,000 people, including leading comrades and retired veteran comrades from the provincial party committee, the provincial Advisory Commission, the provincial People's Congress Standing Committee, the provincial government, the provincial CPPCC Committee, the provincial Discipline Inspection Commission, and the provincial Military District; responsible comrades of the mass organizations and provincial-level departments; responsible persons of all democratic parties; responsible comrades of Shijiazhuang Prefecture and Shijiazhuang City; cadres of provincial-level organs and the Shijiazhuang Prefectural and City organs; and some retired cadres. [passage omitted]

In his speech, Xing Chongzhi, secretary of the provincial party committee, said that the political situation characterized by stability and unity is the key base for achieving the overall reform and the four modernizations. Each and every Communist Party member and each and every Chinese citizen should highly cherish the excellent situation characterized by stability and unity which has taken shape over the past 8 years since the 3d Plenary Session of the 11th CPC Central Committee. Comrade Xing Chongzhi gave the following opinions: The whole party must persist in the line, principles, and policies set forth since the 3d Plenary Session of the 11th CPC Central Committee, and must persist in the policies of reform, opening to the outside world, and the four cardinal principles. The party organizations should enhance party spirit, upgrade their combat effectiveness, enhance their "blood-making" and "immunity" functions, and give full play to their role as a fighting bastion. The party should further strengthen the work toward the ideological, theoretical, press, cultural and art fronts, strengthen and improve the ideological and political work, and strictly enforce the party discipline. The party members should unreservedly submit themselves to the party discipline, act in high unison with the party Central Committee, and play an exemplary role among the masses. Leading cadres at all levels should pay attention to listening to the opinions of the people, go deep into the grass roots to conduct investigations and study, build closer relations between the party and the masses, and unite all people to work hard for realizing the common ideal of the current stage.

BRIEFS

BEIJING'S 1986 REVENUES -- In 1986 Beijing Municipality realized 6.032 billion yuan in revenue, overfulfilling the planned target of 6 billion yuan by 32 million yuan. If calculated in terms of comparable items, the revenue realized in 1986 showed an increase of 4.8 percent over that of 1985. [Text] [Beijing BEIJING RIBAO in Chinese 3 Jan 87 P 1 SK]

NEI MONGGOL ELECTRONICS OUTPUT -- Nei Monggol Autonomous Region scored marked achievements in developing the electronics industry in 1986. By the end of 1986, the region realized 221.29 million yuan in total electronic industrial output value, a 6-percent increase over the figure for the 1986 plan. [Excerpt] [Hohhot Nei Monggol Regional Service in Mandarin GMT 10 Jan 87 SK]

LIAONING PLAN ON SPIRITUAL CIVILIZATION

SK250151 Shenyang LIAONING RIBAO in Chinese 26 Dec 87 pp 1, 2

[Plan for Strengthening the Building of Socialist Spiritual Civilization of the Liaoning Provincial Party Committee, adopted at the Third Enlarged Plenary Session of the Sixth Liaoning Provincial Party Committee on 21 December 1986]

[Text] Conscientiously implementing the "Resolution of the CPC Central Committee on the Guiding Principles for Building Socialist Spiritual Civilization," and doing a good job in building socialist spiritual civilization are the common tasks of the party organizations at all levels and the people of various nationalities throughout the province. Since our province is one of China's important industrial bases and an important "window" of northeast China for opening to the outside world, it occupies an important status in the nationwide socialist modernization drive. Since the 3d Plenary Session of the 11th CPC Central Committee, and along with development of the all-round reform and the building of a material civilization, our province has made important progress in building socialist spiritual civilization. Party committees and governments at all levels have gradually deepened their understanding of the status and role of the spiritual civilization; the ideological and cultural fronts have unceasingly scored new achievements; and the broad masses of cadres have created many new experiences. All this has laid a good foundation for deepening the province's building of spiritual civilization. Meanwhile, we should also recognize that the building of spiritual civilization does not cater to the new situation of the modernization drive, problems concerning the guidelines for practical work have not been completely resolved, and the educational, scientific, and cultural undertakings are still very weak. In line with the requirements of the resolution, during the Seventh 5-Year Plan, our province should base its building of spiritual civilization on reform and opening to the outside world, place unity and national development at the forefront of its thought, give simultaneous consideration to ideological construction and cultural undertakings in urban and rural areas and in wealthy and poverty-stricken areas, do solid work in a down-to-earth manner, and develop the building of spiritual and material civilizations in a coordinated manner.

1. Deeply Study the Resolution and Foster New Ideological Concepts [subhead]

Earnestly studying the resolution, and comprehensively and accurately grasping the essence of its guidelines are prerequisites for making the province's spiritual civilization a success. Next year, we should grasp the study of the resolution as one of our important tasks. We should understand the strategic status, the basic guiding principles, the fundamental tasks, and the major demands of building spiritual civilization from the perspective of China's overall plan for the modernization drive. In line with the resolution, we should conscientiously summarize past experiences and lessons in our work, change our concepts, and consider the study process to be for further improving the guidelines for building spiritual civilization. It is necessary to cultivate an ideology that centers our work on economic construction and properly handles the relationship between the two civilizations. We should continue to enhance the people's ideological, ethical, scientific, and cultural levels at the forefront of our thought, unite with the forces of all quarters, mobilize all possible factors, enhance the spirit of thousands upon thousands of people, and prompt all the people to become builders of spiritual civilization. In building spiritual civilization, we should persist in reform and opening to the outside world, uphold the four cardinal principles, and provide intellectual impetus and support and an ideological guarantee for the development of material civilization.

In studying and implementing the resolution, we should closely keep abreast of the province's actual situation in reform, opening to the outside world, economic development, and shaping public opinion and the social environment to facilitate the province's socialist modernization and reform in all fields. Currently, the most pressing task is to urge the people to further emancipate their thinking, eliminate outdated ideological shackles, and foster new concepts in favor of reform and opening to the outside world. These are the important tasks of our province in building its spiritual civilization. Since entering the new period of the four modernizations drive, our province has scored remarkable achievements in building its two civilizations. However, it still lags far behind the demands of the central authorities and the advanced provinces and cities. This should be mainly attributed to our failure in thoroughly freeing ourselves from the leftist and outdated ideological shackles. The concepts of the self-sufficient natural economy and the feudalist culture and thinking exist extensively in the province, and the ossified concepts formed by the highly centralized economic pattern are deeply rooted. Our province has a weak sense of the commodity economy. It fails to have a strong spirit of reform and innovation and must strengthen its concepts of democracy and legality. It belittles cultural and intellectual development. Therefore, in accelerating Liaoning's reform, opening to the outside world, and modernization drive, we must change our ideological concepts and consider this work as our guide.

The change of ideological concepts involves work in the economic, cultural, and social spheres. The present emphasis should be put on cultivating the concept of the socialist commodity economy and related concepts of value, market, competition, time, benefits, and of respecting knowledge, competent personnel, democracy, and legality. We should also overcome egalitarian and patriarchal ideologies; eliminate the mental states of following the beaten path, standing still, and refusing to make progress; and strengthen the ideas of reform and opening to the outside world. This winter and next year, we should conduct extensive education about the socialist commodity economy in urban and rural areas throughout the province and make it known to each and every person. Leading cadres at and above the county level should take the lead in changing concepts. Party schools at all levels and all kinds of cadre schools should open study classes; encourage cadres to study more, to unceasingly broaden their fields of vision, and to learn more about the outside world; break with the long-standing outdated way of thinking; and make their ideology more active. The practice of reform and opening to the outside world as the best way to change concepts. Leading cadres at all levels should consciously follow the practice of reform, correctly approach and handle the new situation and problems that have emerged in reform, enthusiastically support those reformers who dare to innovate and explore, conscientiously sum up and popularize experiences in this regard, and continue to deepen the province's reform in all fields.

2. Use Common Ideals To Mobilize and Unite With the People of Various Nationalities To Build Liaoning Into a Culturally Advanced and Prosperous New Place [subhead]

The common ideals of the people throughout China put forward by the central authorities manifest in a concentrated way the fundamental interests and common wishes of the Chinese people of various nationalities during the present stage. They are powerful spiritual weapons for mobilizing and uniting with the broad masses of people to participate in the four modernizations drive. Liaoning Province shoulders heavy responsibilities in realizing the common ideals of the people throughout the country. The people of various nationalities across the province should have a strong sense of responsibility and urgency, work hard for the prosperity of the country, make Liaoning prosperous, serve the entire country, and advance toward the world. By the end of this century, we should strive to build our province into a culturally advanced and prosperous place that assumes heavy industry as its major undertaking and agriculture as its foundation, with coordinated development in agriculture, light and heavy industry, advanced scientific and technological knowledge, and perfect democracy and legality. [paragraph continues]

We should fulfill the task of quadrupling the industrial and agricultural output value and ensure that the people's living standards become comparatively prosperous ahead of schedule. This is the fighting objective of the people throughout the province in realizing common ideals. To this end, during the Seventh 5-Year Plan, we should expedite the pace of reform, opening to the outside world, transformation, and development; concentrate our efforts on building an export-oriented economic zone on the Liaodong peninsula that takes the port city of Dalian as a "window" and the central cities such as Shenyang as its hinterland; stimulate economic development in the "eastern, western, and northern parts of Liaoning"; and do a good job in technically transforming the old industrial base so as to promote sound economic development in the provinces.

All localities, trades and units should make the province's common fighting objective their definite goal and combine it with the job responsibility and life goal of each and every person. We should mobilize all possible factors, and give full play to the role of all workers, peasants, democratic party and nonparty persons, persons from religious circles, and Overseas Chinese in building Liaoning. The Communist Party and CYL members and all advanced persons should manifest the communist conviction of serving the party's ultimate ideals in their work to struggle toward realizing common ideals during the present stage. All people who have made great contributions toward building Liaoning should be respected and commended.

We should apply practical achievements and the immediate interests of the masses gained in reform and national construction to serving as lively education in ideals. It is necessary to display the role of museums, memorial halls, and showrooms and to make them serve as material for social education; compile local educational materials that reflect the history and situation of Liaoning; compile local history books of the province and various cities and counties; conduct education about patriotism, socialism, and revolutionary traditions among the broad masses of cadres and the people, particularly among youths; resist corrosive and decadent capitalist and feudalist influence; and enhance the people's sense of national pride, self-respect, and self-confidence.

Among the very numerous enterprises, our province has a contingent of the working class with glorious traditions that occupy a decisive position in building the two civilizations in the province. Proceeding from their specific conditions, some industrial and mining enterprises have set forth their own fighting goals, and have gradually shaped their "enterprise spirit" over the course of practice, which is very powerful in uniting and arousing the initiative of their workers. Enterprises of all types should widely encourage the masses to formulate their own fighting goals, establish and carry forward their "enterprise spirit," and make the common ideal a concrete matter, an image, and an actual deed of every worker. We should encourage staff and workers to display the spirit of being the masters of enterprises, foster the idea of "feeling honored when the enterprises are developed and disgraceful when they decline," and share a common fate with enterprises.

We should further the activities of building civilized villages and towns. We should adhere to the principle of "exercising active leadership, rendering enthusiastic support, achieving steady development, and stressing actual results," and the principle of proceeding from reality in giving different guidance. While achieving success in improving leading bodies, we should conduct education among the peasants, with improving their ideological and ethical standards and scientific and cultural levels as the major emphasis, to enable them to ardently love and build their hometowns, greatly develop the commodity economy, and create a civilized and prosperous new life.

3. Raise the Standard of Socialist Ethics With the Focus on Education in Professional Ethics [subhead]

The basic requirements of socialist ethics are to love the motherland, the people, labor, science, and socialism. We should encourage advanced elements to raise the general level of the majority, proceed from reality, and establish and strengthen a new type of relations characterized by equality, unity, friendship, and mutual assistance among the people throughout the province. We should exert great efforts to advocate a new concept of morality compatible with the requirements of our times -- reform, opening to the outside world, and development of a commodity economy -- so that the masses understand that egalitarianism is not a socialist moral criterion. We should advocate throughout the entire society the communist ethics of having a pioneering spirit, blazing new trails, and devotion. Communist Party members, primarily party-member cadres, should serve as examples and live up to that standard. All trades and professions should continuously summarize and publicize the work of exemplary persons and advanced deeds in this regard. We should conduct regular education in socialist character among youths in a systematic manner.

In the next year or two, we should focus our efforts in raising the ethical standards of the province on education in professional ethics. All trades and units should consider it a basic demand of their staff members and workers to love and be devoted to one's work, serve the people, and be responsible to society, and formulate within the next year their specific ethical principles which cover professional responsibilities, professional discipline, and professional reputation. Cadres at all levels should be fair and honest and serve the people wholeheartedly. Organization, personnel, and labor departments should uphold principles and be impartial and upright. Public security, judicial, and procuratorial departments should enforce the law impartially and carry out their duties with civility. Industrial and mining enterprises should persistently put quality and consumers first. Peasants should achieve prosperity through diligent labor and by relying on science. Education workers should be paragons of virtue and learning and devoted to imparting knowledge and educating people. Medical workers should heal the injured and rescue the dying and render medical care with civility. Literature and art workers should be faithful to the people and to life. Press workers should persistently report the truth and be responsible to society. Commercial, service, and public utilities and other departments of social service should put clients above everything else and offer good service. Self-employed urban and rural laborers should engage in honest labor and civilized business. We should foster among all our people the idea that everyone is the target of service and everyone should serve others.

We should conduct strict and regular training for staff members and workers. We should carry out extensive on-the-job training and activities to attain certain cultural, technical, and skill standards. We should encourage staff members and workers to study service psychology and develop a knowledge of modern scientific management. Vocational schools of various categories and schools of higher learning should open classes on professional ethics.

In building professional ethics, it is necessary for us to integrate the drive to conduct reforms with management. Efforts should be made to link the extent of labor and service quality of staff members and workers with economic interests. Commercial service units and public utilities should enforce in a planned manner managerial systems suitable to themselves at all levels and link these managerial systems with those of wages and bonuses. Continuous efforts should be made to carry out in a down-to-earth manner the activities of building civilized urban areas, units, and "windows"; being civilized citizens; and rendering fine-quality services. Efforts should be made to foster fine social morality and to stress civilized, sound, and scientific living styles. It is also necessary for us to develop the traditional

virtue of respecting the old and worthy and showing concern to women, children, and disabled persons. Efforts should be made to develop the undertakings of social welfare, to consolidate or maintain the order of public places, to cherish all public facilities, and to stress the practice of being civilized clients, passengers, and audiences. We should uphold the drive to conduct reforms in wedding and funeral services, to overcome corrupt feudal customs, and to develop the socialized undertakings of wedding and funeral services; enhance education on family and marital morality; and encourage youths to foster the spirit of self reliance and improvement.

4. Enlarge Socialist Democracy and Enhance Education About Socialist Legal Systems and Discipline [subhead]

Achieving a high degree of democracy represents one of the greatest socialist targets. Efforts should be made to vigorously push forward the democratization of political and social lives and economic management to realistically ensure that citizens enjoy the democratic rights granted by the Constitution and the law. Strictly according to the demands set forth by the electoral and organic laws that concerning enlarging socialist democracy, a good job should be done in earnestly conducting the election of next-term deputies to the People's Congresses at all levels and electing deputies who can truly represent the people's will. Efforts should be made to further improve the system of the People's Congress and to bring into full play the legislative and supervisory roles of the People's Congresses and their Standing Committees. We should also bring into full play the politically consultative and democratically supervisory roles of the CPPCC committees and various democratic parties. The party committees and governments at all levels should establish systems of various strategic and policy research and advisory activities to enhance democratic and scientific characters in leading policy decisions.

Cadres and the masses at all levels should upgrade their sense of democracy and citizenship and efforts should be made to enlarge the right of self-determination of grass-roots level units and to gradually conduct direct elections among these units. We should also bring into full play the role of neighborhood and village committees. Plants, schools, scientific research units, enterprises and establishments, and units should generally enforce the system of a workers' congress to ensure various democratic rights to the congresses. Efforts should be made to enhance education about democracy, legal systems, and discipline among staff members and workers and to uphold the unification of right and obligation. Leading cadres in party and government organs at all levels and state officials should frequently solicit the people's opinions and criticism and earnestly deal with letters sent by the people and receive people who submit petitions. Efforts should be made to establish or improve the systems of conducting democratic recommendations and appraisals of cadres and electing leading cadres in line with the law. Based on upholding the party's leadership and the people's democratic dictatorship, a good job should be done in conducting reforms in political systems. Efforts should be made to allow the people to truly enjoy the right to manage the country; to realistically build democratic politics; and to enable the broad masses of laborers to fully perform their democratic rights in politics; the economy, culture, and social life so as to bring their enthusiasm and creative power into full play.

While earnestly implementing the principle of "carrying out construction while building legal systems," a good job should be done in building socialist legal systems and enhancing local legislative work to gradually establish or improve local economic and administrative regulations in the province.

Efforts should be made to enhance the self-improvement of public security and judicial organs and to improve the quality of the contingent of political and judicial personnel. Personnel in charge of executing the law should perform their duties in line with the law and consciously accept the people's supervision. [paragraph continues]

Leading comrades at all levels and personnel concerned should gradually master the method of conducting management in line with the law. Efforts should be made to do away with the abnormal phenomenon of giving a final say arbitrarily without the ground of the law and to enable everyone to be equal before the law. We should enhance the building of legal supervisory organs; improve all supervisory systems; ensure that everything is done in line with the law, that the law is strictly enforced, and that those who have violated the law are dealt with; and earnestly correct all practices that run counter to the Constitution and the law.

Over the next 2 years, we should consider education in democracy and legality a focus in building the spiritual civilization, and conscientiously attend to it. During the Seventh 5-Year Plan, we should make a success of education designed to popularize legal knowledge so that the masses will know the importance of acting strictly according to law, and safeguard their own rights and interests according to the law. Particular attention should be paid to legal education among leading cadres and youths and schools should open legal classes. We should establish step by step a system of conducting regular legal education so that a new practice of studying and applying the law can be shaped throughout society.

We should strengthen education in discipline. People throughout the province should abide by discipline in labor, work, study, security, foreign affairs, finance and economy, and public social life. Plant, shop, school, and village rules and regulations should be formulated and observed. Leading organs, cadres, party members, and CYL members should act as examples in abiding by discipline.

We should deal blows to serious economic and other crimes according to law, intensify efforts to tackle public security problems in a comprehensive manner, and guarantee steady improvement in public security and social order. We should establish and perfect the public security responsibility system, and organize the education of youths. We should do a good job in the education, management, and placement of misled youths, and persons released from reeducation through labor and imprisonment. We should ban, by law, such criminal activities as prostitution, gambling, drug addiction, and the dissemination of pornographic articles. We should prohibit such superstitious activities as fraud through witchcraft and fortune-telling.

5. Ensure the Strategic Importance of Education and Science and Accelerate Their Development [subhead]

Education and science are the strategic focus of socialist modernization. We should expedite their development during the Seventh-5 Year Plan. We should conscientiously implement our province's plan for popularizing 9-year compulsory education. Over the next year or two, we should concentrate our efforts on greatly improving the teaching conditions of urban and rural primary and middle schools and on strictly preventing two-shift schools from emerging. We should attach importance to the education of minority nationalities, special education, and preschool education. We should restructure, consolidate, and improve urban secondary vocational and technical schools of various categories, actively develop rural vocational education, perfect vocational and technical educational systems, and gradually establish a training system for talented people that corresponds with the development of the commodity economy and the export-oriented economy. Disciplines of higher educational institutes and geographical distribution of city universities should be adjusted, and the potential of old schools be tapped. Adult education should be adjusted, improved, and developed with the focus on on-the-job training. The provincial educational institute should be strengthened and expanded. We should rely on relevant universities to build well the centers for training of teachers of higher educational schools. We should strengthen teachers' training schools of various categories and at various levels, improve institutes for the advanced study of teachers, and strive to raise the quality of teachers.
(paragraph continues)

All schools should carry out educational reform persistently, correct the ideology for running schools, implement education policies in a comprehensive manner, strive to upgrade educational quality, and train personnel qualified for the four modernizations drive. We should adjust the investment in educational, scientific and cultural undertakings. During the Seventh 5-Year Plan, we should conscientiously implement the central guidelines that the "state should ensure the development of these undertakings in terms of policies and funds," and continue to maintain the "two increases" in educational funds. Educational, scientific, and cultural funds should amount to a certain percentage in local expenditures. Special funds should be allocated every year to subsidize the construction of teachers' training bases in various localities. In the overall budgetary funds for capital construction directly allocated by the province, the amount used in educational, scientific, and cultural undertakings should be increased from 19 percent in the Sixth 5-Year Plan to 25.2 percent. Investment in such undertakings raised by the province itself should be higher than in the Sixth 5-Year Plan. Various cities and counties should also invest more in educational, scientific, and cultural capital construction.

All the special funds the province has allocated to all cities to subsidize educational, scientific, and cultural fields should be used for their specific purposes. We should encourage all circles and trades as well as collectives and individuals to collect funds for funding schools through cooperative efforts. We should conduct reform, improve the educational leadership system, and strengthen the government functions over educational work. We should gradually popularize the school principal (dean) responsibility system and expand the decisionmaking power of universities. We should also actively help schools to launch all forms of social and practical activities, actively carry out work-study programs, and fully display the role of the teaching staff in educating, administering, and serving the people. We should set up education award funds, commend outstanding teachers and educational workers at regular intervals, further improve the work and living conditions of teachers, allocate more funds for building houses for teachers, and further solve their housing and medical problems. We should strive to develop a good habit of respecting teachers and education in society.

It is necessary to firmly foster the ideology of relying on science and technology to invigorate Liaoning's economy, strive to monitor the world's new technological development trend, study and formulate plans for developing advanced technology, and gradually establish 10 scientific research bases for new materials and energy development. We should adopt new technology to transform traditional products, enhance enterprises' ability to absorb and develop new technology, and actively open up technology markets and develop lateral cooperation in scientific research and production. We should also strengthen the application and popularization of scientific research findings and make the urban and rural economy more specialized, commercialized, and modernized. Projects covered by the "spark" plan should be expanded, and investment in scientific and technological projects should be increased. During the Seventh 5-Year Plan, we should build scientific and technological information centers, as well as scientific and technological centers, speed up the reform of the scientific and technological structure, formulate policies for encouraging technological progress, comprehensively promote the responsibility system among institution directors, expand the decisionmaking power of scientific research units, gradually implement the system of assignments for specialized technological jobs, and reform the fund allocation system. Research units engaged in technological development should become independent research development entities. Some institutions may work together with the enterprises to serve as their technological development consulting units and to help them gradually form a new scientific and technological system. We should encourage top-grade scientific and technological personnel to work on the forefront of production and in the poverty-stricken areas. We should recommend scientific and technological personnel contracts for or lease technological projects and allow them to retain a certain proportion of the profits. [paragraph continues]

It is necessary to encourage scientific and technological workers to further their education and allow them to set aside a certain period during the year to engage in off-service study. The province, and various cities and counties, as well as townships and towns with favorable conditions should establish technical training organs. We should stress the popularization of scientific knowledge in the rural areas and strive to train some 400,000 cadres for township enterprises and some young peasants in 5 years. Further efforts should be made to establish and improve scientific and technological activity centers in counties and districts, develop after-school scientific and technological club activities among primary and middle schools, hold all kinds of scientific knowledge quizzes, and compile and publish some high quality science books.

6. Persist in Reform and Promote Greater Development in Cultural Undertakings [subhead]

In developing cultural undertakings, we must define the strategic ideology of reform, opening to the outside world, and national construction. We should conduct provincewide activities to study strategy for cultural development, put forward "strategic suggestions for cultural development" and "plans for cultural development" to be implemented by the end of this century for the province and other cities, and strive to achieve great cultural development in the province during the Seventh 5-Year Plan. We should speed up progress in the press and mass media. During the Seventh 5-Year Plan, our province should build color television transmission towers and receiving stations, continue to build radio and television microwave networks, develop ground satellite receiving stations, further grasp the building of wired broadcasting lines in the rural areas, and expand radio and television coverage. We should also speed up the pace of building provincial libraries and the Liaoning Cultural and Art Center and recommend some major cities for rebuilding or constructing a certain number of small cinemas and theaters for all purposes, properly develop city- and county-run libraries, and encourage some diplomats to establish libraries for children if their conditions permit. We should build cultural centers for women and children, and do a good job in protecting and developing cultural relics. The construction of cultural facilities in the new residential and commercial areas should be included in the urban construction plan. We should develop cultural activities in cities, communities, rural areas, market towns, enterprises, and schools.

We should make urban and rural sports activities more universal, and consolidate and develop spare-time sports schools at various levels and full-time secondary specialized schools for physical culture and sports. New breakthroughs should be achieved in physical culture and sports skills so that more sports can reach or approach domestic or world advanced levels. Construction of gymnasiums and stadiums at the provincial and city levels should be intensified, and the provincial sports center should be completed by 1989. In public health, we should implement the principle of prevention first, attend to the health work in both urban and rural areas, combine and develop both Western medicine and traditional Chinese medicine, and improve prevention and health care networks. We should earnestly pay attention to the reform of the urban and rural health unit management system, organize various forms of associations for medical cooperation, develop family-based sickbeds, and gradually adjust and improve the medical charge system. We should unfailingly carry out family planning -- which is national policy -- actively guide the masses to foster a new concept of childbearing, continue to advocate the practice of one child per couple, and pay attention to healthy births and good upbringing. We should further improve the urban and rural family planning work network. Party and government leading departments at all levels should foster correct and comprehensive concepts on production and consumption, and attach importance to the production of intellectual products and the needs in social cultural consumption. They should increase cultural investment first, and relax cultural policies second. Investment in cultural activities and institutions should be increased to ensure substantial growth in their scope. [paragraph continues]

We should change the system that the state alone is responsible for developing cultural undertakings and encourage enterprises, social organizations, and individuals to develop various types public cultural activities and institutions. We should encourage and support all cultural facilities owned by all departments, including clubs of industrial and mining enterprises, open them to the public step by step, and allow them to engage in social service business. Cultural departments should alleviate their funds shortages through holding cultural activities, absorbing foreign capital and soliciting social assistance. We should work out preferential policies to facilitate the development of publications. We should improve the management of cultural undertakings and raise the efficiency of funds.

We should greatly promote cultural reform. We should first reform the cultural system, restructure cultural institutions, and gradually establish a vigorous and coordinated system for the production of intellectual products. We should support lateral cooperation between cultural units and various quarters of society. In the principle of mutual benefit, cultural and art organizations, and sports teams operated by the state may cooperate with industrial and mining enterprises to establish associations combining economic and cultural activities. The full-time writer contract system should be enforced step by step. During the Seventh 5-Year Plan, art performing organizations throughout the province should be changed from operational units directly administered by the state into independent social cultural organizations, the fixed amount of funds allocated to them by governments at regular intervals should be changed into conditional support, and their purpose of pure service should be changed into service business. Medium-sized and small cultural facilities may be managed on a contract basis. In the publication of books and pictures, we should change the closed monopolized business into diverse forms of business run by the state, the collective, and the individual and gradually establish a multichanneled publishing system with fewer intermediate links. Rural film production teams may be operated on a contract basis by individuals. Corresponding policies should be mapped out to actively develop cultural industry.

Social benefit should be taken as the ultimate criterion in the production of intellectual products. Literary and art workers should enhance their sense of social responsibility, serve as the faithful mouthpiece of the people, and create more outstanding works that reflect reform and opening to the outside world. The masses of literary and art workers should be encouraged to work for the goal of "upgrading our province's literary and art creation to the advanced level of the country and producing a number of writers, artists, and literary and art works deemed first-rate in the country" as set forth by the provincial party committee. We should establish and perfect a system to award cultural and art works, and bounteously award cultural workers with significant contributions and outstanding cultural and art product. The provincial annual cultural award should be continued. We should attach importance to urban and rural mass recreational literary and art activities and make such activities colorful. We should strengthen management of the culture market and pay attention to the aesthetic education of the masses to enhance their ability to appreciate art works.

We should also gear the province's cultural building to the entire country and world, enhance our sense of enforcing the policy of opening to the outside world, do a good job in conducting propaganda work to the outside world, expanding the scope and channel of cultural exchanges with outside places, and formulate the cultural policy of opening to the outside world. Efforts should be made to carry out transprovincial and transcity scholastic exchanges throughout the country and hold cultural exhibits, theatrical festivals, and sporting events to introduce the province's outstanding culture as much as possible to regions throughout the country and world. We should also actively introduce outstanding foreign cultural achievements, enhance government-level cultural exchange activities, and vigorously promote cultural exchanges between the peoples and among the local areas, as well as commercial

performances and exhibit to widen the field of our cultural vision and to upgrade foreign countries' understanding of Liaoning Province.

7. Build a Beautiful, Clean, and Convenient Living Environment for the People in Both Urban and Rural Areas [subhead]

During the implementation of the Seventh 5-Year Plan, a good job should be done in building a good environment in both urban and rural areas on the basis of serving the people and rendering service for economic construction.

Attention should be paid to greening, beautifying, and cleaning up the environment. Efforts should be made to expand urban green belts, to build forests in urban areas, and to mobilize all social forces to plant trees and grass. During this period, the province will increase its urban forest coverage rate from 15.8 percent to 22 percent or to 30 percent in the urban areas where conditions permit. We should newly build or expand a large number of parks to gradually form a perfect network of forests and parks. The main roads of large and middle-sized cities should be built into boulevards, and areas in these cities that can be exploited should be built into flower plazas. Plants, stores, organs, schools, hospitals, and the compounds of PLA units should be responsible for planting trees to build themselves into garden-style units. In rebuilding the old districts and building new areas, efforts should be made to preserve valuable historical relics and to stress environmental and social benefits in construction. We should also actively improve environmental sanitation and continuously enforce the public health systems of "signing contracts for maintaining order, sanitation, and afforestation" and of the "five-nots."

Efforts should be made to develop tourism reflecting the province's characteristics and to protect or build cultural and historical relics and scenic areas. We should improve the systematic service items of tourism and edit or publish tourist reading materials introducing scenic areas.

Attention should be paid to the construction of the environment and ecology. Efforts should be made to enhance the management and protection of the environment and to bring pollution and the continuous deterioration of the natural ecology under control. A good job should be done in bringing under control the key areas causing pollution, the key pollution sources, and the key pollutants. Efforts should be made to consolidate step by step the environment of specific regions and water areas. We should gradually restore the ecological balance in the mountainous areas of western Liaoning and protect and develop the forest resources of the mountainous areas in eastern Liaoning and the potable water sources in both urban and rural areas.

Efforts should be made to conduct environmental construction in the rural areas. A good job should be done in drawing up logical plans of village and town construction and upgrading the rate of land utilization. During this period, efforts should be made to deal with the shortage of potable water in the rural areas and the problem of poisonous potable water by adopting the method of "having the people be responsible for dealing with the problems with the assistance of the government authorities and collecting funds raised by various circles." A good job should continuously be done in building roads in villages and towns and planting trees, and efforts should be made to build a large number of civilized villages and towns that can successfully enforce the policy of opening to the outside world.

8. Suit the Drive To Conducting Reforms and the Situation in Enforcing the Policy of Opening to the Outside World; Improve or Enhance Ideological and Political Work [subhead]

Ideological and political work represents a powerful guarantee for economic work and work in other fields. Over the past few years, the broad masses of cadres in charge of ideological and political work throughout the province have done a great deal of work and scored marked achievements. [paragraph continues]

However, the ideological and political work still cannot meet the demand set by the drive to conduct reforms and by the situation prevailing in enforcing the policy of opening to the outside world. Therefore, it is necessary for us to further overcome the influence of the "leftist" ideology, to successfully conduct self-improvement, to firmly foster the guiding ideology of regarding the task of building the four modernizations as a central work and consciously rendering service to the drive to conduct reforms, to enforce the policy of opening to the outside world, and to develop the commodity economy. With enhancement of the people's ideological and ethical levels as the main content, we should encourage the advanced, help the backward, establish interpersonal relations of mutual understanding and trust, mobilize the enthusiasm of the people in reform and the four modernizations, and ensure the smooth implementation of the party's principles and policies. Next year, we should consider the implementation of the "three regulations" as the main content of the ideological and political work of industrial and mining enterprises. The party committees of enterprises should actively support plant directors to correctly exercise their power to direct production and operation, to make decisions and to appoint and remove mid-level administrative cadres, and to ensure their status and key role in enterprises. Grass-roots party organizations should concentrate their main energies on ideological and political work, and let the grass-roots party committees have more decisionmaking power in their ideological and political work. In the rural areas, it is necessary to mobilize the key role of grass-roots cadres, party members, CYL members, scientific and technological personnel, primary and middle school teachers, demobilized servicemen, soldiers who have returned to civilian jobs, retired cadres, and culturally specialized households and to continue to intensify the party's rural ideological and political work through conducting all forms of activities.

During the new period, ideological and political work will be more extensive in content and will manifest itself in the economic, political, cultural, and other aspects of social life. Through reform and based on previous endeavors, we should continue to explore new avenues for ideological and political work and improve the systems and methods related to it. We should adhere to the principle of persuasion and education and to the principle of integrating ideological education with material benefits, and persist in conducting ideological work with economic and professional work simultaneously. All cadres, whatever their trades and professions may be, should clarify their ideological and political work responsibilities, solve all kinds of ideological and practical problems which arouse universal concern, encourage the masses to educate themselves through practice, strengthen the theoretical study of ideological and political work contingents, and scientifically create a theoretical system with characteristics of our times for ideological and political work.

We should establish full-time and part-time contingents to undertake political work, improve the ideological and professional levels of political workers ... consider this as our current major point of work. Party schools at all levels ... pay attention to training political work cadres, and help them to foster a sense of honor and responsibility to do their work well and to win popular support with their enthusiastic services to the masses and their efficient work.

We should care for and support the work of the political workers, rationally solve their problems concerning their political rights and wages, and urge all localities to implement policies and measures conducive to mobilizing the enthusiasm of the political worker ranks in line with their own reality. We should guarantee funds for propaganda work, and improve facilities and means for propaganda in order to strengthen the propaganda efficiency.

9. Persist in Taking Marxism as Guidance and Promote a Comprehensive Theoretical Development [subhead]

In the practice of reform, opening to the outside world, and the four modernizations drive, it is necessary to take Marxism-Leninism-Mao Zedong Thought as our guidance. At the same time, this great practice will also provide good opportunities and a suitable environment for theoretical construction. We should change the situation in which theory departs from practice and does not cater to the situation of reform and opening to the outside world. We should pay attention not only to basic theoretical study but also to applied theoretical study. We should facilitate the combination of social sciences with natural sciences; aim theoretical research at reform, opening to the outside world, and the new situations, new experiences and new problems in the modernization drive; and make it yield more and better results. Theoretical workers should emancipate their minds, make brave explorations, conduct investigations and study in the course of practice, make new judgements and theoretical summations of actual life, and enable Marxism to advance toge'her with our lives and to guide the advancement of our lives.

We should greatly develop social science undertakings and shape a social science research and information network with Liaoning's characteristics. We should strengthen overall planning for the philosophical and social science undertakings of our province, and turn the provincial social science institute into a social science research center for our province. Cities where conditions permit should also establish social science research organs with specific local characteristics. Research organs of various categories should divide their work rationally, and effectively organize forces to conduct joint research on the major issues arising in practice so as to play their role as a think tank or a brain trust in leading policymaking. Provincial social science research and award funds should be established.

We should replenish theoretical contingents speedily. Party schools at various levels, colleges and universities, scientific research departments, and press and propaganda departments should select outstanding persons with theoretical competence who ardently love theoretical research work to engage in theoretical work. They should pay attention to the cultivation of young and middle-aged theoretical workers and train numbers of top-notch personnel. Academic exchanges with other provinces and foreign countries should be promoted.

Education and propaganda on Marxist theory should be reformed. Regular education in Marxist theory for incumbent cadres should be continued. Leading cadres at all levels should conscientiously study theory, take more interest in theory, and increase their ability for theoretical thinking. In coordination with the theoretical study of cadres, beginning next year a set of systematic teaching materials for continued education of cadres will be compiled. We should successfully run party schools at various levels, do a good job in the reform of teaching, and enable them to play a still successful role as a base for cadres' training and a bastion for publicizing Marxist theory. Political theoretical courses of colleges and universities should be reformed from the content to methods. We should encourage the masses, youths in particular, to study Marxism. Theoretical propaganda should be vivid and persuasive and be integrated with practice.

Leadership over social sciences should be strengthened. Leading persons at all levels should fully trust and rely on theoretical contingents, improve the work of the federations of philosophical and social science societies, and give full play to the role of various academic organizations. We should unswervingly implement the "double-hundred policy;" allow freedom in academic activities and freedom of creation, discussion, criticism, and counter-criticism; and strive to create a stable and united environment and a relaxed and harmonious atmosphere necessary for the development of social sciences.

10. Do A Good Job in Party Building, and Strengthen and Improve Party Leadership Over Building Spiritual Civilization [subhead]

Party organizations at various levels, and the 2.1 million party members throughout the province shoulder a heavy responsibility for building the spiritual civilization. Therefore, the party should improve itself successfully. Improvement of party style is an urgent task for improving the party at present. We should be resolute and should persevere in correcting party style. The masses of party members throughout the province should make unremitting efforts to achieve a fundamental turn for the better in party style. At present, party organizations at all levels should regard the work of correcting the malpractices that adversely affect a large number of people and about which the masses have lodged a strong complaint as the focus of improving party style. Efforts should be made to enhance education among party members, particularly among party-member leading cadres. We should regard the work of improving party style as a major content of the party's organizational life, earnestly carry out criticism and self-criticism, and strictly deal with the wrongdoings of party-member cadres with regard to seeking personal gains by taking advantage of power and violating the law and discipline. Efforts should be made to gradually establish or improve the systems of preventing the occurrence and spread of malpractices, various work systems, and the supervisory and appraisal systems inside and outside the party. Attention should be paid to studying the new situation emerging in the drive to conduct reforms, to enforce the policy of opening to the outside world, and to develop the commodity economy; drawing up clear demarcation lines in policies; correcting evil trends; dealing blows to crimes; and protecting the drive to conduct reforms.

In line with the arrangements made by the central authorities and the provincial party committee, a good job should be done in conducting the village-level party rectification work in the winter-spring period by starting well and ending well. Units that have concluded their party rectification work should earnestly sum up the experience gained in their work to consolidate or develop the results scored in the work. Efforts should be made to enhance the building of the party's ideology and organizations to reinforce the vigor of the party's grass-roots level units and to bring into full play the model and vanguard roles of party members. A good job should be done in holding training classes for the cadres of grass-roots level units. We should have all secretaries of the party branches in the rural areas and chairmen of the villagers' committees join the training classes in a rotation manner within 1 or 2 years. Efforts should be made to deeply carry out the activities of building advanced party branches and groups and striving to be outstanding party members. Communist Party members, particularly party-member leading cadres, should strive to models of working hard and being interested in study and making progress, of not indulging in idle talks but doing more practical deeds, of upholding the drive to conduct reforms and bravely pioneering the road of advance, of supporting the people's interests and leading the masses to become wealthy by working industriously, and of correcting party style and observing the law and discipline.

Making a success in building the spiritual civilization represents a common duty of the entire party and society. The party committees and governments at all levels should improve or enhance their leadership over the construction of spiritual civilization, probe various laws in development, work out policies, and organize and coordinate various social forces. Efforts should be made to bring into full play the role of the trade unions, CYL committees, women's federations, and mass organizations in building the spiritual civilization, as well as the role of the PLA units stationed in the province; and to continuously and vigorously carry out the Army-civilian campaign of building a spiritual civilization. We must base this campaign on the work at the grass-roots level, do the work in a down-to-earth manner, and refrain from indulging in formalism. The provincial party committee should establish the system of convening specialized meetings and frequently study the problems cropping up in building the spiritual civilization. [paragraph continues]

In line with the demands set by the program of building a spiritual civilization, a good job should be done in assigning leading cadres in charge of ideological, scientific, educational, cultural, and public health work at all levels and in enhancing their collective capability of exercising leadership over the program of building a spiritual civilization and adapting themselves to the program. On the basis of deeply studying the "resolution" and conducting investigation and study, localities should work out concrete measures suitable to the actual situation for enhancing the construction of spiritual civilization and strive to score marked achievements and progress in this regard in order to steadily push forward the program of building the socialist spiritual civilization.

LIAONING'S QUAN SHUREN ATTENDS SPRING FESTIVAL

SK280325 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 27 Jan 87

[Text] The organs of the Liaoning Provincial CPC Committee held a Spring Festival gathering this morning. Leading comrades of the provincial party committee, including Quan Shuren, Li Changchun, Sun Qi, Shen Xianhui, Shang Wen, Wang Julu, and Hu Jiazheng; leaders of the provincial Advisory Commission, including Hu Yimin, and Chen Yiguang; former leaders of the provincial party committee, including Guo Feng, Huang Oudong, and Li Tao; and approximately 700 cadres of the organs happily gathered at the auditorium of the provincial party committee to celebrate the Spring Festival and wished each other greater success through diligent and persistent work.

LIAONING SECRETARY PAYS VISIT TO POWER PLANT

SK290206 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 28 Jan 87

[Excerpt] On the morning of 28 January, Quan Shuren, secretary of the provincial party committee; Li Zemin, deputy secretary of the provincial party committee; and Zhu Jiazheng, vice governor of the province, went to units including the Shenyang Thermal Power Plant, to pay a New Year's visit to frontline staff members, workers and model workers.

At the Shenyang Thermal Power Plant, leading comrades inquired about the heating supply situation during festival days, and told plant leaders that the major task this year is to launch activities of increasing production and practicing economy. They said: Increasing production and practicing economy is not only a drive for the production field but also is a part of spiritual civilization work. Thus, we must firmly foster such an idea to mobilize the masses to launch activities. [passage omitted]

LIAONING'S YINGKOU CITY APPOINTS NEW PERSONNEL

SK280331 Shenyang LIAONING RIBAO in Chinese 15 Jan 87 p 1

[Text] The standing committee of the 9th Yingkou City People's Congress held its 26th meeting on 14 January. The meeting decided to appoint Zhao Xinliang [6392 2450 5328] to be vice mayor of the Yingkou City People's Government. It also decided that Zhao Xinliang would serve as acting mayor of Yingkou City.

The former mayor Xu Shilian has resigned from the post as mayor of the city, and with the approval of the provincial party committee, serves as secretary of the city party committee.

GROUP CALLS FOR IMPROVED CONTACTS WITH TAIWAN

OW281950 Beijing XINHUA in English 1526 GMT 28 Jan 87

[Text] Beijing, January 28 (XINHUA) -- The All-China Federation of Taiwan Compatriots called on the Kuomintang government to facilitate exchange of visits by relatives and tourists on both sides of the Taiwan Straits.

In a letter of new year greetings to Taiwan residents, the federation said: "We sincerely hope people on both sides of the Straits will strengthen contacts, understanding, and friendship in various ways."

The letter reiterated the proposal that people's organizations on both sides of the Straits organize visits by relatives and tourists, which it put forward on the eve of last year's Spring Festival.

"We understand and support the demand of the people in Taiwan for exchange of mails, trade, air and shipping services and visits by relatives and tourists, and we hope all Chinese people living overseas will play an active role in bridging the Taiwan Straits."

The letter said that in the past year an increasing number of Taiwan residents came to the mainland to visit their relatives, or for travel, business and cultural exchange, and more and more people in Taiwan have got to know the mainland's achievements in construction, open policy and economic reform.

XI ZHONGXUN ADDRESSES TAIWAN COMPATRIOTS' BANQUET

OW271346 Beijing XINHUA Domestic Service in Chinese 1351 GMT 26 Jan 87

[Text] Beijing, 26 Jan (XINHUA) -- To celebrate the Spring Festival, the United Front Work Department of the CPC Central Committee hosted a banquet this afternoon at the Beijing Hotel for some noted people from Taiwan who have settled in Beijing.

Xi Zhongxun, member of the Political Bureau of the CPC Central committee, attended the banquet and delivered a speech. Also present at the banquet were Peng Chong, vice chairman of the NPC Standing Committee; Yang Jingren, vice chairman of the CPPCC National Committee; and responsible persons from the departments concerned, including Zhou Shaozheng, Yang Side, Su Ziheng, Lin Liyun, Han Boping, Chang Jie, Lu Liangshu, and Li Bokang.

Addressing the banquet, Xi Zhongxun said: Since the 3d Plenary Session of the 11th CPC Central Committee, we have made considerable achievements in all fields of work. The principle of one country, two systems for reunifying the motherland has gone deeper and deeper into the people's hearts. He praised the spirit of working hard for the goal of reunifying the motherland displayed by the Taiwan compatriots who have come back and settled on the mainland.

Yan Mingfu, head of the United Front Work Department of the CPC Central Committee, gave a toast at the banquet. On behalf of his department, he extended festive greetings to all those present on the occasion. He said: You comrades have contributed your share toward the reunification of the motherland and the prosperity of the Chinese nation. [paragraph continues]

I. 29 Jan 87

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CHINA
PRC MEDIA ON TAIWAN AFFAIRS

We are pleased to note that you have worked hard and achieved fruitful results at your respective work posts. We also want to thank you for the wisdom and intelligence you have contributed.

At the banquet, toasts were also given by Huang Shunxing, Zhu Butang, and Yuan Xiaoyuan, all noted persons from Taiwan. They wished that the motherland would prosper and would be reunified at an early date.

Other noted people from Taiwan attending today's banquet were Zhang Chunnan, Li Dawei, Peng Hongwen, Sun Ying, Yang Ximei, Wu Yingfu, Liao Qiuzhong, and Lin Shengzhong.

TAIWAN SPY SENTENCED TO 15 YEARS IMPRISONMENT

OW260804 Beijing XINHUA in English 0749 GMT 26 Jan 87

[Text] Beijing, January 26 (XINHUA) -- Cheng Yuxiang, a spy for the Kuomintang regime on Taiwan, has been sentenced to 15 years' imprisonment for espionage activities, escape from prison and illegal border crossing, today's overseas edition of the "PEOPLE'S DAILY" reported.

The sentence was handed down by the Intermediate People's Court in the city of Hengyang in central China's Hunan Province, and the verdict also includes deprivation of Cheng's political rights for five years.

Cheng, 36, escaped from prison and fled abroad in August 1983, while serving a term of correction through labor, the paper said. Later he was recruited into a Taiwan spy ring and assigned tasks of collecting political, military and economic information from the Chinese mainland.

He sneaked into the mainland five times between 1985 and 1986, during which he collected confidential documents and publications in Hunan, Yunnan, Guizhou, Guangdong and Sichuan Provinces. He also instigated others to steal confidential documents.

Cheng was arrested in April 1986, the paper said, adding that his brother, who lent Cheng his identification papers, received a sentence of one year's imprisonment, suspended for two years.

FOREIGN MINISTRY CLAIMS SOVEREIGNTY OVER MONGOLIA

OW290531 Taipei International Service in English 0200 GMT 29 Jan 87

[Text] In Taipei, the Foreign Ministry of the Republic of China [ROC] reiterated Tuesday that Outer Mongolia is an integral territory of the Republic of China, following a wire report that the United States has set up diplomatic relations with the Mongolian authorities. The foreign wire report said that for the first time the United States and Mongolia established diplomatic relations at the ambassadorial level Tuesday.

Outer Mongolia is located between the Soviet Union and Mainland China. In the statement Tuesday night, the Foreign Ministry in Taipei announced that Outer Mongolia has long been an integral territory of the ROC. He said the so-called Mongolian People's Republic was only the outcome of the Treaty of Sino-Russia Friendship, an alliance which was formally abrogated on 25 February 1953, leaving no solid ground for the claim of Mongolia's independence. The ministry declared the Republic of China still claims the sovereignty over Outer Mongolia.

PREMIER YU AFFIRMS LIFTING OF MARTIAL LAW

OW290901 Taipei CHINA POST in English 24 Jan 87 p 12

[Text] Martial law will be lifted in Taiwan as soon as the Legislative Yuan approves the National Security Law, Premier Yu Kuchwa said during a press conference at the auditorium of the Executive Yuan building in Taipei yesterday afternoon.

Forty-seven local and foreign journalists attended the conference.

The lawmaking body will start reviewing a draft of the National Security Law in its next session, which resumes Feb 1. The draft was turned over to the Legislative Yuan after the cabinet approved it earlier this month.

Premier Yu defended the need for the law to maintain national security and social order after martial law is lifted.

The nation is under the period of communist rebellion, Yu said.

"Although the thunder of cannonade cannot be heard, the fact that the enemy exists cannot be denied," he said.

Yu also denied suggestions that the National Security Law is "old medicine in a new bottle."

The emphasis of the National Security Law is restricting incoming and outgoing tourists, goods, and transportation, which is essential to maintain national security, he said.

When asked about the ROC's [Republic of China] attitude toward Peking, Yu said the nation's policy of "no compromise, no contact and no talks" with the Chinese Communists will never change.

Coming in contact with the Chinese Communists would only give them an opportunity to infiltrate and topple the ROC Government, the premier said.

The Chinese Communists have been calling for talks for the ROC to condescend to the status of a local government, Yu said.

When asked about the airport riot last November, the premier said unlawful acts endangering democracy will be dealt with "in accordance with the law."

The ROC is a democratic country based on the rule of law, Yu said, and actions violating the law or endangering democracy cannot be tolerated by the government, or by society.

On the economic front, the government will continue to liberalize foreign exchange controls and accelerate the government's pace of "liberalization and internationalization," he said.

The government will also continue to lower import tariffs, diversify export markets, strengthen protection of intellectual property rights, send more "buy-American missions" to the U.S. and give top priority to U.S. products when buying machinery related to technology and production, the premier said.

These are aimed at curbing U.S. protectionist sentiment and to narrow the huge trade surplus the ROC enjoys against the U.S., which hit U.S. \$15 billion last year, he added.

Equal importance will be given to environmental protection while the government carries out economic development, Yu said.

DPP SUSPENDS MEMBERS FOR NOT BOYCOTTING ELECTION

BK251612 Hong Kong AFP in English 1551 GMT 25 Jan 87

[Text] Taipei, Jan 25 (AFP) -- Taiwan's opposition Democratic Progressive Party (DPP) has suspended six members and disciplined eight others for defying a party call to boycott elections to the Control Yuan, the country's highest supervisory body.

The DPP Central Advisory Committee decided to suspend the memberships of Control Yuan member-elect Lin Chun-Tzu and Taiwan provincial assemblywoman Huang Yu-Chiao for three years for ignoring the party's boycott calls and running in the Control Yuan election January 10, a DPP official said.

Ms Lin was re-elected by the Taipei City Council to the Control Yuan for a second six-year term, while Ms Huang lost due to lack of support from fellow DPP members in the provincial assembly.

Control Yuan members are elected by Taiwan provincial assemblymen and Taipei and Kaohsiung City councillors.

The Central Advisory Committee also decided at a meeting Saturday to suspend for two years the memberships of four other members, including Ms Lin's brother, Taipei City Councilor Lin Wen-Lang who had lobbied for his sister, said the DPP official, who asked not to be identified.

Eight DPP members who voted in the elections would be publicly reprimanded, he added.

Ms Huang told reporters she would decide whether to withdraw from the party after consulting with her colleagues who had been disciplined.

Other disciplined members complained they had not been formally told of the DPP boycott decision, and only learned of it through press reports.

The DPP had decided to boycott the election to protest a revision of the election process, which it claimed reduced the chances of individual candidates and candidates of minority parties.

The ruling Kuomintang (KMT) won 18 of the 22 seats contested in the Control Yuan by-elections, while the DPP and the minority Young China Party each took one seat. The others went to independent candidates.

The DPP was formed in September by 165 MP's in defiance of a ban on forming new political parties imposed by the KMT government in 1949.

The KMT has not recognised the DPP, but has promised to revise existing laws to allow individuals to organize political groups and the party ban is expected to be lifted this year.

OPPOSITION TO LAUNCH NEWSPAPER DESPITE BAN

HK270453 Hong Kong HONGKONG STANDARD in English 27 Jan 87 p 7

[By Chan Wai-fong]

[Text] Taiwan's opposition party plans to launch its own newspaper in defiance of a government ban.

The Democratic Progressive Party (DPP) plans to produce a weekly paper -- which is slated to eventually become a daily -- after the lunar new year.

DPP Chairman David Chiang told the STANDARD yesterday the DPP had no plans to seek official approval for the DEMOCRATIC PROGRESSIVE NEWS because the ruling Kuomintang government was unlikely to grant any.

Taiwan's legislature has ruled out any registration of new newspapers.

New publications are allowed only if they can be called periodicals or magazines.

Mr Lee Mo-ping, director of the government's Department of Publication and Sales, said the ban was imposed because there are already too many newspapers and resources are scarce.

Taiwan has 31 dailies, including two in English, with a combined circulation of 3,700,000 copies. Readership is estimated to be about five people per copy.

Foreign and Chinese newspapers are also sold in Taiwan.

The media, however, is predominantly pro-government.

"We accept the registration of new magazines," Mr Lee said. "But publications of a newspaper nature will not be allowed."

"Unlicensed newspapers are therefore prohibited since they have defied the present regulations."

The NEWS, which will be similar to the DANWAI TIMES, the DPP's tabloid distributed during the last election, will be aimed mainly at party members.

However, it will eventually be sold to a wider public through subscription, Mr Chiang said.

"The larger the circulation, the better. But since it is not an election at the moment, there will be some problems. The publication may be prohibited by the government," Mr Chiang said.

"We will not put it out on street sale because this will certainly cause trouble."

The NEWS will publish the new party's political views and its activities.

Until now, Taiwan's KMT government has not recognised the DPP as an official organisation.

Although it has 23 members in the two congressional bodies, the Legislative Yuan and the National Assembly, the DPP is not a registered political party.

The recent elections were the first to be contested.

To meet the challenge, the government made extensive use of the media, prompting demands for impartial publications.

PRESIDENT SENDS NEW YEAR GIFTS TO MAINLAND

OW260253 Taipei CNA in English 0233 GMT 26 Jan 87

[Text] Matsu, Jan 25 (CNA) -- President Chiang Ching-kuo sent Chinese lunar new year gifts and greetings to countrymen on the China mainland by air-balloons and sea-floats Sunday.

The president urged compatriots on the opposite side of the Taiwan Strait to struggle for the rights to free existence and to rise up to overthrow Peiping's tyrannical regime.

President Ching's gifts included festival cakes, salted meats, biscuits, rations, cigarettes, candies, toys and miniradios and other articles of daily use.

CITIC PURCHASES INTEREST IN CATHAY PACIFIC

HK280732 Hong Kong SOUTH CHINA MORNING POST In English 28 Jan 87 pp 1, 2

[By John Mulcahy]

[Text] In a move clearly designed to cement political relationships into the future, Swire Pacific and Hong Kong Bank have concluded a deal that will give China International Trust and Investment Corporation, the mainland's quasi-investment bank, a \$1.9 billion stake in Cathay Pacific Airways.

Widely tipped by the stock market since Monday, when Swire and Cathay's shares were suspended from trading, the deal will give China International Trust and Investment (CITIC) a 12.5 percent stake in Cathay, an airline whose aircraft still carry the Union Jack on their tails.

It will give CITIC its second holding in a company traded on the Hong Kong Stock Exchange -- the other is through its rescue of the Ka Wah Bank.

The unusual transaction provides for the direct injection into Cathay of more than \$1 billion in cash, in exchange for new shares, and the purchase by the Beijing-headquartered institution of shares to the value of more than \$875 million from Hong Kong Bank.

CITIC's move comes days after Hong Kong's Financial Secretary, Mr Piers Jacobs, reaffirmed the territory's aviation policy as one of "one route, one airline", and that the policy was for the convenience of passengers rather than airlines.

This policy statement, which Mr Jacobs said would be presented in greater detail on February 18, is seen as another body blow to Hong Kong's young Dragonair airline.

Dragonair's managing director, Dr Helmut Sohmen, last night lashed out at the treatment his company had received during the course of Hong Kong's battle for the skies.

"Cathay Pacific will continue to be controlled and in majority owned by beneficial interests outside Hong Kong," Dr Sohmen said.

"The Hong Kong Bank is actually reducing its stake in the airline. The Swire Group is not, in other words, prepared to give Hong Kong people a share in the benefits it derives from Cathay's privileged position in the territory."

After yesterday's transaction, Swire will retain 50.23 percent of Cathay, a figure that ensures its British status. Hong Kong Bank will own 16.43 percent and CITIC 12.5 percent.

As a British airline for the purposes of international air transport licence considerations, according to spokesmen for the group, Cathay's ownership must be in the hands of British owners, and control of Swire is in the hands of John Swire and Sons, a London registered and domiciled company.

Precisely how the ownership issue is regulated has not been explained, but Mr Michael Miles, Cathay's chairman, said last night a dilution in the British ownership of the airline to below 50 percent would be harmful to its interests.

Between them the two biggest shareholders will still own two-thirds of the issued capital, and Swire's chairman Mr Michael Miles said this split was intentional.

He cited as the yardstick the proposed British Airways flotation, under which the Thatcher government has stressed that no more than a third of the national carrier should pass to foreign ownership.

Steeped in political overtones, the transaction was described by CITIC officials in Beijing as demonstrating "CITIC's full confidence in the bright future of Hong Kong".

According to a CITIC statement issued in the Chinese capital: "The development of the civil aviation industry in Hong Kong is of great importance to its stability and prosperity.

"CITIC will undertake to strengthen its contact and cooperation with other air companies concerned."

CITIC is a product of China's recent modernisation drive, and is headed by one of the wealthiest individuals in the country, Mr Rong Yiren, who survived the worst excesses of the Cultural Revolution to be called in to sell China to the world by paramount leader Mr Deng Xiaoping.

CITIC was set up in 1979 to attract foreign investment and technology into China.

By the end of last year, it had become a partner in 54 Sino-foreign joint ventures and more than 100 ventures with domestic firms, set up two leasing firms and built Beijing's first office building for foreign companies.

The company has also been a pioneer in China in international finance, issuing more than \$4.5 billion worth of bonds abroad, and last year took part in international syndicated loans for the first time.

Analysts were divided in their opinions of the deal, with some regarding the purchase by CITIC of a substantial stake in Hong Kong's most significant airline as a definite boost to confidence in the territory.

Coming in the wake of unconfirmed reports that China's de facto ambassador to Hong Kong, Mr Xu Jiatun, has been given a two-year extension to his term in the territory, the news was seen as encouraging by the stock market.

But the motives behind the deal were not universally acclaimed, and Dr Sohmen, managing director of the competing Dragonair, while supporting the notion of freedom of investment as an aspect of commercial freedom, cited earlier government attempts to discriminate against his company.

"Cathay Pacific's decision to have CITIC as a partner in the airline obviously was not made because the airline needs new capital. It is more a question of pushing panic buttons.

"It seems that Cathay and the Swire Group are finally admitting that Dragonair is a force to be reckoned with, and the Dragonair's strategy for China has to be taken seriously enough for Cathay Pacific to rush into an arrangement with a PRC partner."

HONG KONG DEPUTIES MAY JOIN NPC THROUGH ELECTION

HK260221 Hong Kong SOUTH CHINA MORNING POST in English 26 Jan 87 p 1

[By Chris Yeung]

[Text] China is considering naming about 20 Hong Kong Chinese to its parliament -- the National People's Congress -- through an election next year, the first since 1949.

But to avoid embarrassing the British administration, which still has 11 years sovereignty over the territory, the election is unlikely to be held in Hong Kong but in neighbouring Guangdong.

The move to select local delegates to the Chinese legislature by elections would demonstrate that China also favoured greater democracy in its government system -- contrary to criticisms that the communist regime had been suppressing the people's voice.

Hong Kong people have also repeatedly suggested the future local NPC delegates should be chosen by election rather than appointment.

At present 20 Hong Kong and Macao deputies are sitting in the NPC under the Guangdong group and the selection procedures and criteria are decided in secret.

Elections, if there are to be any, would most likely be held before next year, when their current term expires.

A source said China has been considering different ways of selecting Hong Kong deputies by election.

But the issue was yet to be put on the agenda of the standing committee of the 3,000-strong body.

The source said one current line of thinking was that a grand electoral college comprising representatives from different walks of life should be formed.

The candidates would then be subject to nominal approval from Guangdong.

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